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Comprehensive Annual Financial Report

City of Sioux Falls, South Dakota
For the Year Ended December 31, 2015

Prepared by:
The Finance Department
Tracy Turbak, Director of Finance

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Letter of Transmittal



CITY OF SIOUX FALLS
FINANCE

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Website: www.siouxfalls.org

June 29, 2016

The Honorable Mayor Mike Huether
Members of the City Council
Citizens of the City of Sioux Falls, South Dakota

I am pleased to submit to you the Comprehensive Annual Financial Report of the City of Sioux Falls, South Dakota, for the fiscal year ended December 31, 2015.

The report was prepared by the City's Department of Finance in accordance with U.S. Generally Accepted Accounting Principles (GAAP) applicable to government as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the City's management. We believe the data, as presented, is accurate and reliable in all material respects; is presented in a manner designed to set forth fairly the financial position and results from operations of the City; and that disclosures necessary to enable readers to gain an understanding of the City's finances have been included.

Management of the City is responsible for establishing and maintaining an accounting and internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. Because the cost of internal controls should not outweigh their benefits, the City of Sioux Falls' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City's financial statements have been audited by Eide Bailly, LLP, a firm of certified public accountants authorized to conduct the City's audit by the State of South Dakota. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Sioux Falls for the fiscal year ended December 31, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Sioux Falls' financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP. The independent

auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Sioux Falls was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. The Single Audit reports begin on page 145.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Sioux Falls' MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Sioux Falls

Located on the banks of the Big Sioux River in the fertile, gently rolling countryside of southeastern South Dakota, Sioux Falls is the largest city in the four northern states of Wyoming, Montana, North Dakota, and South Dakota, with 169,800 residents. Sioux Falls is a crossroads city, lying strategically at the junction of Interstate 90, connecting Boston to Seattle, and Interstate 29, joining Winnipeg and Kansas City. It sits on the border of the states of South Dakota, Minnesota, and Iowa, serving as a primary market area for over 750,000 consumers.



Sioux Falls ranked third on *Forbes* magazine's annual list of best places for business and careers in the small metro area category. As reported in *Forbes* magazine, Sioux Falls ranked #1 on ZipRecruiter's list of up-and-coming cities for recent college grads. On a ranking of best and worst cities for jobs by *WalletHub* and reported in *Forbes* Sioux Falls ranked fourth best, this ranking focused on job markets and socioeconomic environment. *WalletHub* also ranked Sioux Falls #5 on its list of 150 Best and Worst Cities for Families. *Healthways* and *Gallup's* State of American Wellbeing report ranked South Dakota third among states.

Letter of Transmittal

As evidenced by the above accolades, the city is a great place to live and offers a diverse business environment serving as a medical, financial, retail, and transportation center for the region. The city hosts industry-leading companies from agribusiness to high-tech manufacturing and credit card financial centers.

The history of Sioux Falls revolves around the cascades of the Big Sioux River, located a few blocks from today's downtown district. The lure of the falls was always a powerful influence in drawing people to the area and the city was incorporated in 1876. By the turn of the century, the prairie settlement had grown into a city of more than 10,000 residents.

In 1995, the City became a home-rule municipality chartered under the constitution of the state of South Dakota, organized and existing under the constitution and general laws of the state. Eight part-time Council members and a full-time Mayor govern the city, each serving four-year terms. The Mayor and three Council members are elected at large and five Council members are elected from districts.

The City provides a wide range of municipal services including police and fire protection, infrastructure development and maintenance of highways, bridges, and streets, public utilities (e.g., water, sewer, limited electricity, regional landfill), public parking, public transportation, economic development, health services, culture and recreation activities, inspections, planning and zoning enforcement, and general administrative services.

The City has established the Housing and Redevelopment Commission and Metro Communications Agency as legally separate authorities which are reported separately within the City of Sioux Falls financial statements. Additional information on these component units can be found in Note 1 on page 53.

The City uses a multi-year general operating forecasting model as a foundation to plan and implement City initiatives. This model includes evaluating the operating impacts of future capital projects and staffing needs. The model identifies projected resources that will be available to implement both current and future initiatives. The annual budget serves to allocate the resources available to provide current services.

The City applies budgetary controls to ensure compliance with legal provisions under South Dakota Codified Laws, the City Charter, and with the annual appropriation ordinance and budgetary guidelines adopted by the City Council. Approved expenditures for the ensuing fiscal year for the General Fund, the special revenue funds, permanent funds, and capital project funds are included in the annual appropriation ordinance, establishing the legal level of control.

The budgetary process and compliance is outlined in the notes to required supplementary information on page 91 of this report.

Factors Affecting Economic Condition

The information presented in these financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City of Sioux Falls operates.

Local Economy in General

The city experienced steady economic growth in 2015 due in large part to a dynamic retail and business environment, a strong healthcare presence. Strong Midwestern values and fiscal discipline allow the city to prosper, evidenced by a growing population, a low unemployment rate, and solid consumer spending,

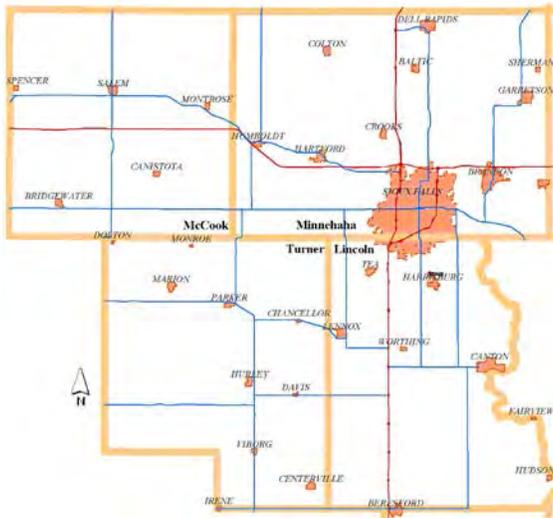
Unemployment ranged from a high of 3.7 percent and a low of 2.0 percent in 2015. The city ended the year with an annual average unemployment rate of 2.9 percent. This rate is lower than the 5.3 percent national unemployment rate for 2015 and the state unemployment rate of 3.1 percent. Consumer and business spending pointed to a steady economy as evidenced by a 5.9 percent increase in sales and use tax collections, consistent with historical averages.

Assisting the city's economic position, the Tax Foundation ranked South Dakota as the 2nd best state tax climate in the nation. South Dakota was 9th on *Forbes* ranking of best states for business and careers. The ranking factors 40 points in the areas of business costs, labor supply, economic climate, regulation, growth, and quality of life.

Sioux Falls ranked fourth on ZipRecruiters list of top job markets, based on applicant to employer ratio and job posting ratios and unemployment rates. Sioux Falls placed number 4 out of over 300 cities in the 2015 Economic Strength Rankings released by POLICOM Corporation. The list is based on 23 different economic factors over a period of 20 years. This business environment, coupled with the great services and opportunities offered within and around the city, continues to make Sioux Falls a great place to work and raise a family.

The Sioux Falls Metropolitan Statistical Area (MSA) includes Minnehaha, Lincoln, McCook, and Turner counties. The city itself is located within two counties, Minnehaha and Lincoln, and crosses the boundaries of seven separate school districts.

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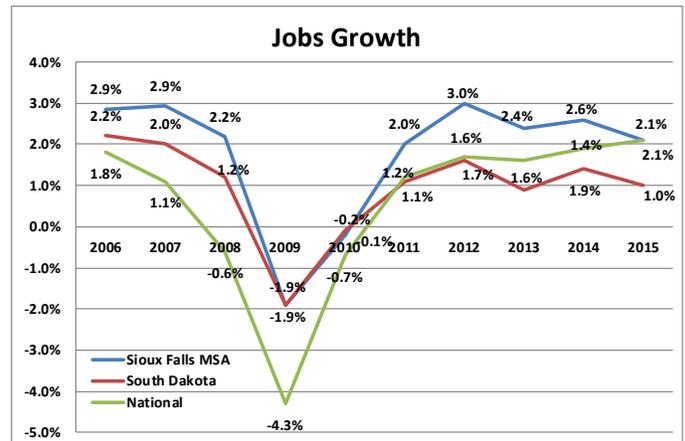
Population

The city's population increased by 2.4 percent in 2015 as the estimated population grew from 165,800 in 2014 to 169,800 in 2015. With a 2015 statewide population of 858,469, the city now accounts for 19.8 percent of the state's population. The population of the Sioux Falls MSA is 247,800.

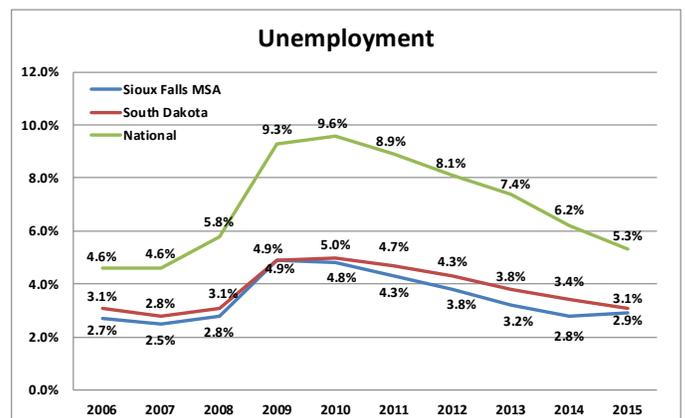
City projections indicate continuing population growth through 2040. This anticipated growth in population will require the City to carefully plan for future development and infrastructure needs.

Employment

In 2015, the jobs as measured by the annual average of nonfarm wage and salaried workers statistics in the Sioux Falls MSA, increased by 3,100. The Sioux Falls MSA saw an increase of 8,000 jobs in education and health services. Other industries experiencing significant job growth included natural resources, mining & construction adding 500 jobs and professional & business services and leisure & hospitality both adding 400 jobs. The chart below shows the strength of both the Sioux Falls MSA and state of South Dakota local and regional economy when compared on a national basis.

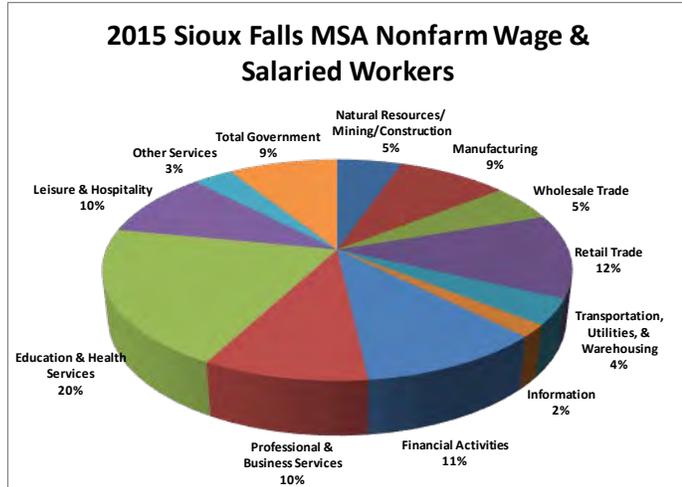


The resident labor force of the Sioux Falls MSA increased by 3,069 or 2.2 percent from 141,677 in 2014 to 144,746 in 2015. The Sioux Falls MSA annual average unemployment rate increased slightly from 2.8 percent in 2014 to 2.9 percent in 2015. The City's and State's unemployment rate compare very favorably to the national unemployment rate as shown below.

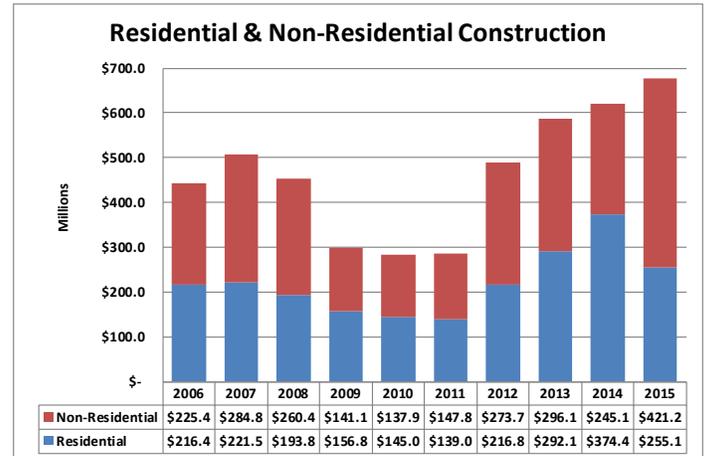


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Aiding the relatively strong employment market is the diversity of the Sioux Falls job market as indicated on the following chart.



In 2015, the city recorded the highest building permit valuations in city history. Construction value, measured by permits issued, equaled \$676.3 million in 2015, which is a \$56.8 million increase in value over permits issued in 2014. The following chart shows total construction permit values for the last ten years for both residential and non-residential projects.

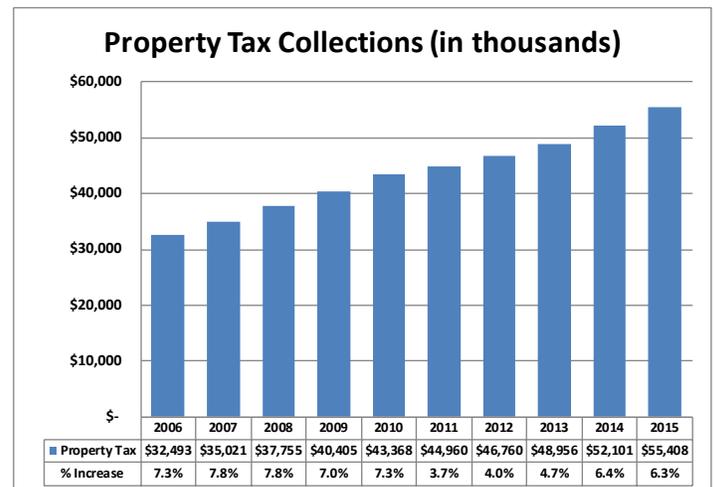


Wages and Income

As shown in the chart below, annual pay of workers covered by unemployment insurance in the MSA increased to \$43,139 in 2014, the most recent year available. From 2004 to 2014, pay rose by 34.7 percent or by an average annual growth rate of 3.0 percent. Both income and pay outpaced the average annual growth of the national rate of inflation.



The city grew in area, adding 0.46 square miles within its borders to equal 76.04 square miles. The city has added 7 new and annexed centerline miles of roads, 9 miles of storm sewer, 10 miles of sanitary sewer, and 20 miles of water mains to its infrastructure (excluding construction-in-progress). Infrastructure and capital contributions added \$70.9 million to the City's capital assets in 2015.

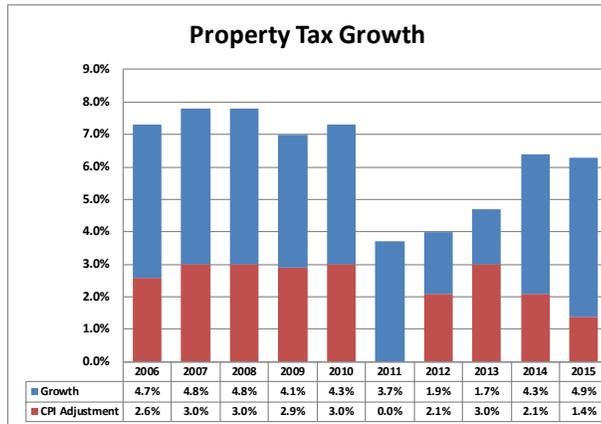


Construction Activity

During 2015, the city approved 219 subdivision plats totaling 500 lots and 1,392 acres. Sixty-two percent of the city's total construction value was related to nonresidential development. The largest single project permitted in Sioux Falls during the past year was additions to Evangelical Lutheran Good Samaritan Society's buildings with a construction value of \$24.6 million. Sanford Medical Center's Imagenetics building was permitted for \$22.7 million in construction value. The Froiland Science Complex at Augustana University and the Midco® Aquatic Center both had permit values over \$20.0 million.

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The rise in previous year's construction activity has resulted in steadily increasing property tax collections for the City, as shown in the above graph. This growth in property tax collections has been well above regular inflationary growth, as outlined in the graph below. However, given recent permitting activity, growth in property tax was below expectations.



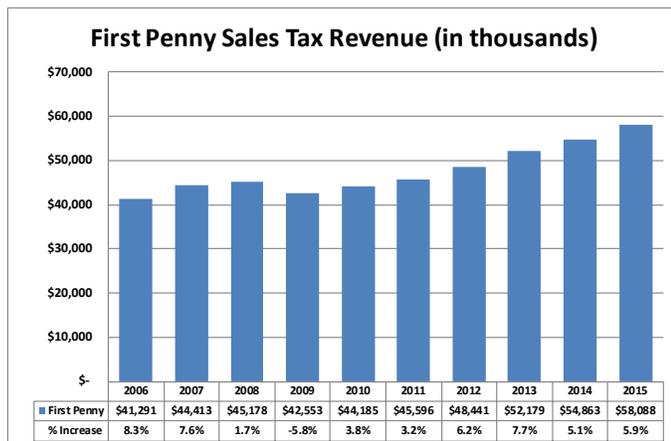
Gross and Taxable Sales

Gross sales were \$15.9 billion in 2015, up by 4.6 percent over the prior year. Taxable sales were \$5.9 billion in 2015, an increase of 5.8 percent. These sales figures for Sioux Falls comprised 23.3 percent of gross sales and 24.2 percent of taxable sales statewide.

The increase in taxable sales translated into the City realizing an increase in sales and use tax receipts of 5.9 percent.

With sales and use tax being the City's largest revenue source, the City constantly plans, prepares and prioritizes in order to adjust to changing economic conditions. Growth rates over the last ten years have ranged from a high of 8.3 percent in 2006 to a low of negative 5.8 percent in 2009.

The following chart shows the growth in sales tax on a dollar basis, indicating a steady upward trend in actual tax dollars collected since 2010.



A more current look at economic conditions is reviewed in the Management Discussion and Analysis on page 24.

Major Initiatives

The City has embarked on several capital and operational initiatives including:

- Maintaining financial strength.
- Staying ahead of growth.
- Enhancing the quality of life of the people we serve
- Strengthening return on taxpayer dollar.

In addition to the ongoing infrastructure improvements previously identified, the major capital projects completed in 2015 were:

- Purchase of the Downtown Railyard.
- Reconstruction and Expansion of Solberg Avenue and Cliff Avenue.
- Reconstruction of 22nd Street and Minnesota Avenue Intersection.
- City Hall Window Replacement.
- Washington Pavilion Roof Replacement.
- Construction of Diamond Creek Bike Trail Spur.
- Great Bear Tubing Hill Renovation.
- Construction of Prairie Hills West and Southern Vistas Parks.
- Overlay of 242 blocks, 10 blocks concrete rehab, 9 blocks core neighborhood reconstruction, and 426 blocks micro-surfacing in various locations.

Major projects in progress in 2015:

- Construction of Veterans' Parkway from Madison Street to Maple Street.
- Replacement of the West 12th Street Bridge.
- Midco Indoor Aquatics Center.
- Construction of the Brandon Road Parallel Force Main
- Spellerberg Park Improvements.

Major projects in design in 2015:

- Reconstruction and Expansion of Maple Street from Marion Road to Career Avenue.
- Replacement of the Outfall Trunk Sewer.
- Reconstruction of Dakota Avenue from McClellan Street to 3rd Street.
- Renovation of the Great Plains Zoo Brown Bear Exhibit.
- Construction of the Sanford Sports Complex restroom, playground, and picnic shelters.

Letter of Transmittal

- Construction of the Family Park Dog Park.
- Overlay of 69th Street from Minnesota Avenue to Cliff Avenue.

The City invested \$158.1 million (\$170.6 million with equipment) in capital improvement projects in 2015, continuing to focus on rebuilding, repairing, and replacing the City’s core infrastructure. Accounting for year-end construction-in-progress the City reported additional capital assets of \$98.6 million, ending the year with net capital assets of \$1.6 billion (see the capital note beginning on page63 for more details on the City’s capital assets).

Relevant Financial Policies

City Charter

The City Charter includes the following financial provisions:

1. No personal or corporate income tax will be levied, nor additional debt incurred, except to the extent authorized by State law for SDCL Title 9 cities. (§1.04)
2. The Council shall provide for an independent annual audit of all City accounts. (§2.10)
3. For any fund, the total of proposed expenditures shall not exceed the total of estimated income plus the fund balance carried forward, exclusive of reserves (a balanced budget). (§5.04)
4. If the Mayor certifies there are available for appropriation revenues in excess of those estimated in the budget, the Council may make supplemental appropriations up to the amount of such excess. (§5.07)
5. To meet a public emergency, the Council or Mayor may make emergency appropriations. The Council may issue emergency notes if there are no available unappropriated revenues or a sufficient fund balance to meet such appropriations. (§5.07)
6. No payment may be made or obligation incurred unless there is a sufficient unencumbered balance in such allotment or appropriation and sufficient funds there from are or will be available to cover the claim or meet the obligation when it becomes due and payable. (§5.10)

General Fund (Primary Operating Account)

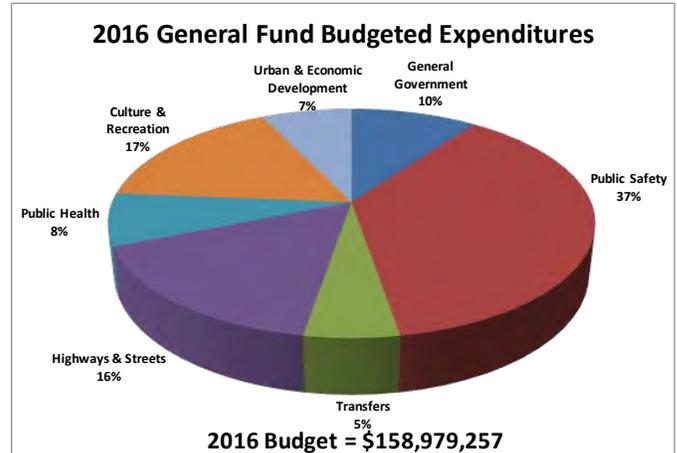
The City Council has established the following financial and budgetary policies in regard to the City’s primary operating account, the General Fund:

- A goal that the City maintain a minimum unrestricted cash balance at the end of each calendar month equal to 11% of the General Fund budget for that fiscal year and a General Fund unassigned fund balance as of December 31 for each fiscal year equal to 25% of the General Fund budget for that fiscal year. If the unrestricted cash reserves at any month end or the General Fund available fund balance as of December 31 fall below these thresholds, the Mayor shall, as soon as

practical thereafter, present the Council with an explanation and plan for replenishing the unrestricted cash balance or General Fund reserve balance to the targeted threshold.

- A goal that a Mayor’s proposed General Fund budget for each fiscal year provide for balance between projected revenues and expected expenditures without the use of General Fund unassigned fund balances, and that the elected and appointed officials of the City use their best efforts and mutual cooperation to accomplish that goal. If a Mayor believes that the financial condition or needs of the City require the use of funds from the General Fund unassigned fund balances in any proposed budget, such budget proposal shall include a statement of the reasons which the Mayor believes justify the use of the General Fund unreserved funds.
- A policy that if a Mayor’s proposed General Fund operation budget includes projected revenues from increases in fees, charges, taxes or other similar sources that require Council approval, the ordinance or ordinance amendment authorizing such increase should be presented to and approved by the Council prior to the submission of the proposed budget.

To show the general operating priorities of the City, excluding public utilities, the following chart shows the General Fund budget for 2016.



Sales and Use Tax Fund (2nd Penny)

The Sales and Use Tax Fund is funded by the second penny sales and use tax and is the City’s primary capital account excluding public utilities. The City Council has adopted a formal policy for the second penny sales and use tax, the primary source for capital funding and the pledged source of bond financing. The policy goal is to maintain a fiscally disciplined approach to debt management and protect the City’s credit quality by strategically approaching the issuance of new debt by balancing the need to consume current resources with the need for future flexibility; and by striving to maintain a debt ratio of two times coverage on the annual debt service on issues secured by the second penny sales tax. As indicated in Table XV on page 135 the

Letter of Transmittal

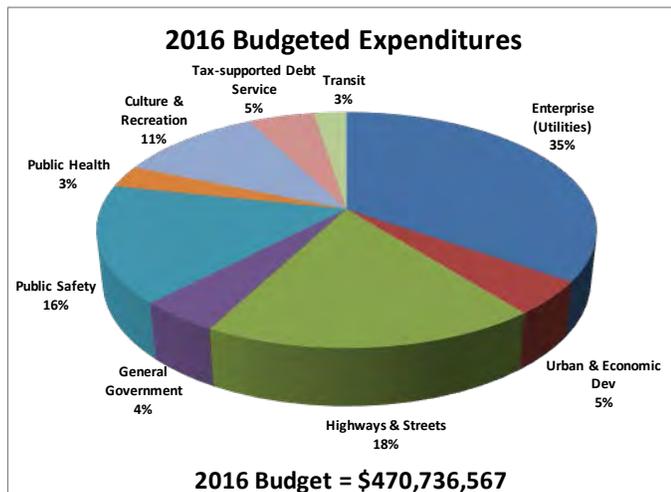
second penny sales tax currently has revenues of 3.60 times the pledged debt service of the second penny and 3.41 times debt service for those issues being repaid by the second penny (not all issues with a pledge of the second penny sales tax are being repaid by the tax such as bonds issued for the Lewis and Clark Regional Water System). Future projections continue to show that the City will maintain coverage well in excess of the policy target, which self-imposed coverage is greater than the coverage requirements established within the bond indenture.

Enterprise Funds

The City Council's adopted policy is that enterprise funds of the City relating to water, water reclamation, sanitary landfill and the city electric utility should cover the true cost for that enterprise, including operation, maintenance, periodic capital replacement, new capital acquisitions and improvements, debt service requirements, and other costs deemed necessary.

All Funds – City-wide Investment in Services

Excluding transfers, internal service, and trust funds that are not direct allocations of current revenues, the following graph reflects the investment of City resources into essential services for the citizens and visitors to Sioux Falls. Expenditures include operating, capital, and debt service.



A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of audited statements in a timely manner after year-end was accomplished by the dedicated services of the entire staff of the Finance department. The completion of this report ensures that decision-makers have access to the year-end information prior to entering the formal budget cycle, making the report much more valuable. The Finance staff, along with the help of each department, has put forth an extraordinary amount of effort to produce the report within the time frame established. I would like to express my sincere appreciation to all members of the Finance team, and others throughout the City who assisted and contributed to its early preparation.

Respectfully submitted,

Tracy Turbak
Director of Finance

Awards and Acknowledgements

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sioux Falls for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. This was the thirty-fifth consecutive year that the City of Sioux Falls has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

Certificate of Achievement



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Sioux Falls
South Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

City Elected Officials and City Appointive Officers

City Elected Officials

| | |
|---------------------------------------|-----------|
| Mayor Mike Huether | 2014-2018 |
| Council Members: | |
| Kermit Staggers—At Large | 2012-2016 |
| Greg Jamison—Southwest District | 2012-2016 |
| Kenny Anderson Jr.—Northeast District | 2012-2016 |
| Dean Karsky—Northwest District | 2012-2016 |
| Rick Kiley—Southeast District | 2014-2018 |
| Christine Erickson—At Large | 2014-2018 |
| Rex Roling—At Large | 2014-2018 |
| Michelle Erpenbach—Central District | 2014-2018 |

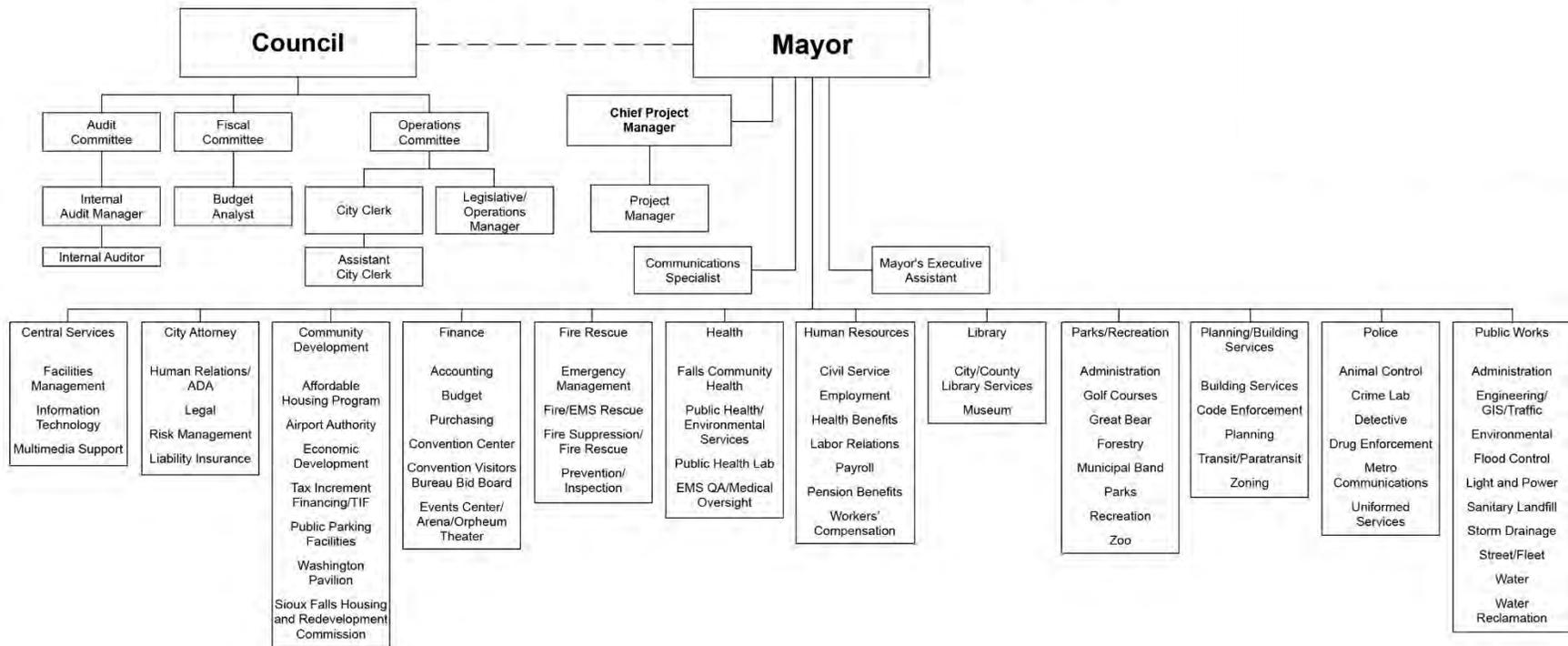
City Appointive Officials

As of December 31, 2015

| | |
|---|--------------------|
| Assistant Police Chief | Galen Smidt |
| City Attorney | David Pfeifle |
| City Clerk | Lorie Hogstad |
| City Council Budget Analyst | David Bixler |
| Communications Specialist | Heather Hitterdal |
| Director of Central Services | Sue Quanbeck Etten |
| Director of Community Development/Public Parking Facilities | Darrin Smith |
| Director of Finance | Tracy Turbak |
| Director of Human Resources | Bill O'Toole |
| Director of Parks and Recreation | Don Kearney |
| Director of Planning and Building Services | Mike Cooper |
| Director of Public Works | Mark Cotter |
| Director of Siouxland Libraries | Mary Johns |
| Executive Secretary | Julie Wilson |
| Fire Chief | Jim Sideras |
| Lead Internal Auditor | Rich Oksol |
| Legislative/Operations Manager | Jim David |
| Internal Auditor | Ashely Stroschein |
| Internal Auditor | Kimberly Schroeder |
| Police Chief | Matthew Burns |
| Public Health Director | Jill Franken |
| Special Projects Manager | Kendra Siemonsma |

Departmental Organization Chart

City of Sioux Falls Organization Chart





Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Sioux Falls, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sioux Falls, South Dakota as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing and Redevelopment Commission, which represent 67 percent, 52 percent, and 78 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing and Redevelopment Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison schedules for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 1 and 9 to the financial statements, the City has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of pension trusts funding progress and contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, combining nonmajor financial statements, budget comparison schedules for nonmajor funds, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor financial statements and budget comparison schedules for nonmajor funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota
June 29, 2016

Management's Discussion and Analysis

This discussion and analysis presents an overview of the financial activities and financial position for the City of Sioux Falls (the "City") for the year ended December 31, 2015. Please read and consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 3 of this report.

Financial Highlights

Government-wide Statements

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows at the close of the most recent fiscal year by \$1.5 billion (net position). Of this amount, \$107.9 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Fund Financial Statements

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$152.5 million, an increase of \$20.7 million in comparison with the prior year. Of this balance, \$38.1 million constitutes unassigned fund balance, \$8.0 million assigned, \$33.7 million committed, \$36.4 million restricted and \$29.1 million nonspendable.
- The City's five enterprise funds ended the year with net position of \$438.6 million, an increase of \$22.3 million. The funds ended with a total cash balance of \$73.7 million, an increase of \$5.0 million. Net cash flows from operations were \$41.7 million.
- At the end of the current fiscal year, the assigned fund balance was \$5.4 million and the unassigned fund balance was \$38.1 million for the General Fund, a decrease of \$2.7 million. Combined, these balances represent 30.4 percent of the final 2015 General Fund expenditure budget.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them being reported as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, public health, culture and recreation, and urban and economic development. The business-type activities of the City include the enterprise activities of the electric light, public parking, sanitary landfill, water, and water reclamation operations.

The government-wide financial statements include not only the City of Sioux Falls itself (known as the primary government), but also the legally separate Housing and Redevelopment Authority and Metro Communications Agency for which the City is considered to be financially accountable or for which the nature and significance of their relationship with the City is such that the exclusion would cause the City's financial statements to be misleading or incomplete. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 26-28 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Community Development Fund, Storm Drainage Fund, and Railroad Relocation Fund, all of which are considered to be major funds. Data from the other 7 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements following the notes to the financial statements.

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided as required supplementary information for the major governmental funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found beginning on page 29 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Sioux Falls uses enterprise funds to account for its electric light, public parking, sanitary landfill, water, and water reclamation operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its health, workers' compensation, and liability programs, fleet of vehicles and maintenance shop, and for its management of information technology equipment. All of these services predominantly benefit governmental rather than business-type functions; therefore, they have been

included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 113-118 of this report.

The basic proprietary fund financial statements can be found beginning on page 45 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City's fiduciary funds consist of the City's two pension and other post-employment trust funds, the Employee's Retirement System and the Firefighters' Pension Fund. The basic fiduciary fund financial statements for these funds can be found on pages 51 and 52 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 53 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This section includes a budgetary comparison schedule and related notes for the General Fund and each major special revenue fund, as well as information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 85-91 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information.

Management's Discussion and Analysis

Government-wide Financial Analysis

Net position. As presented in the following table, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.5 billion at the close of the fiscal year ending December 31, 2015. The

significant decrease in net position is due to the implementation of GASB 68, which recognizes pension assets and liabilities in the City's overall net position.

| Net Position | | | | | | |
|------------------------------------|--------------------------------|-------------------------|---------------------------------|-----------------------|-------------------------|-------------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| Current and Other Assets and | | | | | | |
| Deferred Outflows of Resources | \$ 190,717,812 | \$ 256,705,547 | \$ 82,072,910 | \$ 92,265,570 | \$ 272,790,722 | \$ 348,971,117 |
| Capital Assets | 1,044,074,026 | 1,077,430,037 | 520,433,952 | 524,947,890 | 1,564,507,978 | 1,602,377,927 |
| Total Assets | 1,234,791,838 | 1,334,135,584 | 602,506,862 | 617,213,460 | 1,837,298,700 | 1,951,349,044 |
| Long-term Liabilities and Deferred | | | | | | |
| Inflows of Resources | 197,254,313 | 279,467,676 | 174,499,846 | 156,556,842 | 371,754,159 | 436,024,518 |
| Other Liabilities | 37,143,034 | 43,275,476 | 2,701,311 | 18,497,428 | 39,844,345 | 61,772,904 |
| Total Liabilities | 234,397,347 | 322,743,152 | 177,201,157 | 175,054,270 | 411,598,504 | 497,797,422 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 874,352,923 | 918,392,160 | 355,182,015 | 373,898,313 | 1,229,534,938 | 1,292,290,473 |
| Restricted | 27,054,482 | 45,769,849 | 7,221,556 | 7,420,528 | 34,276,038 | 53,190,377 |
| Unrestricted | 98,987,086 | 47,230,423 | 62,902,134 | 60,840,349 | 161,889,220 | 108,070,772 |
| Total Net Position | <u>\$ 1,000,394,491</u> | <u>\$ 1,011,392,432</u> | <u>\$ 425,305,705</u> | <u>\$ 442,159,190</u> | <u>\$ 1,425,700,196</u> | <u>\$ 1,453,551,622</u> |

Due to the implementation of GASB 68 in the current year, figures may not be comparable to the prior year for some areas of the financial statements.

By far the largest portion of the City's net position, 89.0 percent, is investments in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position comprises 3.6 percent of total net position. The increase is due to the restriction of net position

for the South Dakota Retirement System. These assets are subject to external restrictions on how they may be used.

The remaining balance of \$107.9 million, 7.4 percent, in unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. Certain balances within unrestricted net position have internally imposed designations or limitations which may further limit the purpose for which such net position may be used. For example, a large portion of the unrestricted net position within the City's Sales and Use Tax Fund and Bond Construction Funds has been set aside to provide for capital projects that are carried forward from the previous year's capital program but do not have outstanding contracts or encumbrances as outlined on page 65.

Management's Discussion and Analysis

Changes in net position. The City's net position increased by \$82.3 million and was due to revenues continuing to exceed expenses during the current fiscal year.

More details that account for the change in net position are provided in the following analysis of the governmental and business-type activities.

| Changes in Net Position | | | | | | |
|--|-------------------------|-------------------------|--------------------------|-----------------------|-------------------------|-------------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 14,036,505 | \$ 15,578,299 | \$ 76,473,510 | \$ 79,597,750 | \$ 90,510,015 | \$ 95,176,049 |
| Operating Grants and Contributions | 11,485,092 | 12,499,343 | 52,779 | 69,765 | 11,537,871 | 12,569,108 |
| Capital Grants and Contributions | 39,340,387 | 19,365,839 | 10,856,245 | 8,983,113 | 50,196,632 | 28,348,952 |
| General Revenues: | | | | | | |
| Property Taxes | 52,773,171 | 55,360,779 | - | - | 52,773,171 | 55,360,779 |
| Sales Taxes | 119,621,476 | 126,603,392 | - | - | 119,621,476 | 126,603,392 |
| Other Taxes | 10,628,144 | 11,074,748 | - | - | 10,628,144 | 11,074,748 |
| Other | 1,868,134 | 2,337,937 | 1,850,525 | 3,125,061 | 3,718,659 | 5,462,998 |
| Grants and Contributions not Restricted to Specific Programs | 4,978,793 | 33,104,745 | - | - | 4,978,793 | 33,104,745 |
| Total Revenues | <u>254,731,702</u> | <u>275,925,082</u> | <u>89,233,059</u> | <u>91,775,689</u> | <u>343,964,761</u> | <u>367,700,771</u> |
| Expenses: | | | | | | |
| General Government | 16,348,473 | 16,186,279 | - | - | 16,348,473 | 16,186,279 |
| Public Safety | 53,558,912 | 63,905,011 | - | - | 53,558,912 | 63,905,011 |
| Highways & Streets | 50,977,392 | 56,489,047 | - | - | 50,977,392 | 56,489,047 |
| Public Health | 10,437,257 | 11,506,819 | - | - | 10,437,257 | 11,506,819 |
| Culture & Recreation | 38,352,964 | 39,375,107 | - | - | 38,352,964 | 39,375,107 |
| Urban & Economic Development | 21,761,220 | 22,356,799 | - | - | 21,761,220 | 22,356,799 |
| Interest on Long-term Debt | 6,790,233 | 6,626,453 | - | - | 6,790,233 | 6,626,453 |
| Electric Light | - | - | 8,481,793 | 8,808,582 | 8,481,793 | 8,808,582 |
| Public Parking | - | - | 2,117,596 | 2,418,497 | 2,117,596 | 2,418,497 |
| Sanitary Landfill | - | - | 10,866,177 | 8,664,217 | 10,866,177 | 8,664,217 |
| Water | - | - | 25,121,815 | 26,828,879 | 25,121,815 | 26,828,879 |
| Water Reclamation | - | - | 21,064,041 | 22,186,415 | 21,064,041 | 22,186,415 |
| Total Expenses | <u>198,226,451</u> | <u>216,445,515</u> | <u>67,651,422</u> | <u>68,906,590</u> | <u>265,877,873</u> | <u>285,352,105</u> |
| Excess before Transfers | 56,505,251 | 59,479,567 | 21,581,637 | 22,869,099 | 78,086,888 | 82,348,666 |
| Transfers | 336,380 | 373,312 | (336,380) | (373,312) | - | - |
| Change in Net Position | 56,841,631 | 59,852,879 | 21,245,257 | 22,495,787 | 78,086,888 | 82,348,666 |
| Net Position - Beginning | 943,552,860 | 1,000,394,491 | 404,060,448 | 425,305,705 | 1,347,613,308 | 1,425,700,196 |
| Restatement (Note 9) | - | (48,854,938) | - | (5,642,302) | - | (54,497,240) |
| Net Position - Beginning, as Restated | <u>943,552,860</u> | <u>951,539,553</u> | <u>404,060,448</u> | <u>419,663,403</u> | <u>1,347,613,308</u> | <u>1,371,202,956</u> |
| Net Position - Ending | <u>\$ 1,000,394,491</u> | <u>\$ 1,011,392,432</u> | <u>\$ 425,305,705</u> | <u>\$ 442,159,190</u> | <u>\$ 1,425,700,196</u> | <u>\$ 1,453,551,622</u> |

Due to the implementation of GASB 68 in the current year, figures may not be comparable to the prior year for some areas of the financial statements.

Governmental activities. Governmental activities increased the City's net position by \$59.5 million, thereby accounting for 72.7 percent of the total growth in the net position of the City of Sioux Falls.

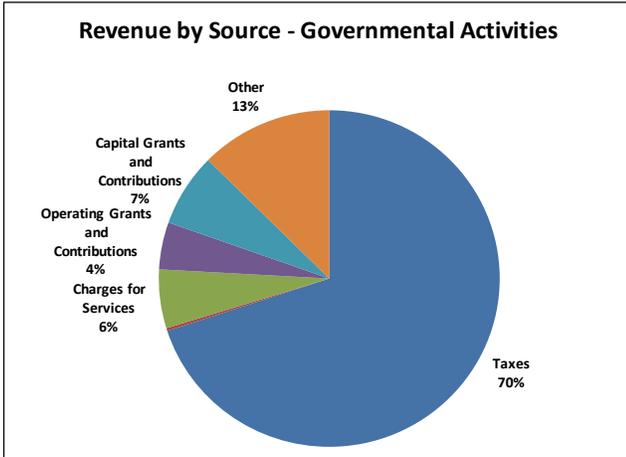
Revenues increased \$21.2 million or 8.3 percent, grants and contributions and sales tax collections made up a majority of the increase. Expenses increased \$18.2 million or 9.2 percent in comparison to the previous year.

Business-type activities. Business-type activities increased the City's net position by \$22.9 million, accounting for 27.3 percent of the total growth in the government's net position. This growth is due to increased revenue over expenses as the City continues to plan for both current and future infrastructure investments.

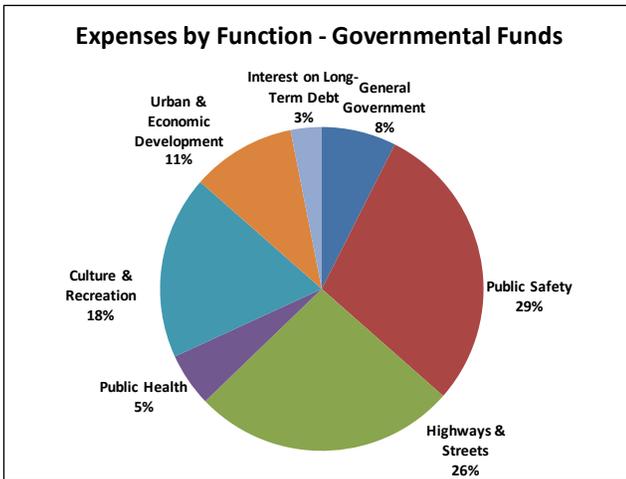
Management’s Discussion and Analysis

A breakdown of governmental and business-type revenues and expenses are shown on the following four charts:

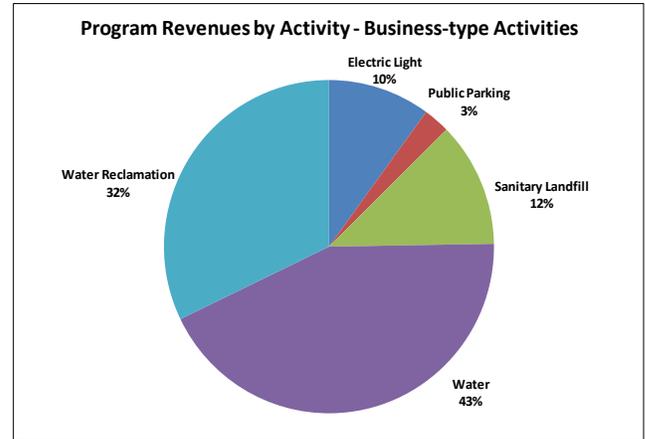
Taxes account for 70 percent of the total governmental revenues. Of this, sales tax comprises 66 percent of the total taxes collected, followed by property taxes at 29 percent.



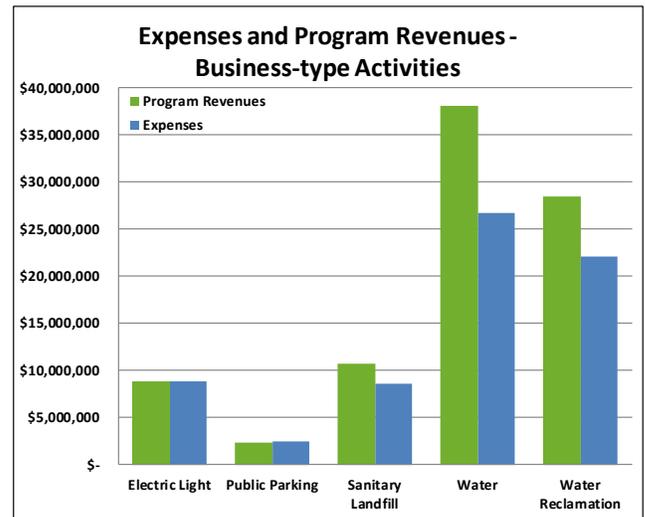
Public Safety and Highways & Streets comprise over half of the total governmental expenses.



As water and water reclamation utilities provide service to all citizens of Sioux Falls, these utilities account for the largest portion of business-type revenues.



Except for Public Parking, all other business-type activities provided program revenues in excess of expenses. However, when general revenues are considered, all business-type activities provided a positive change in net position.



Management’s Discussion and Analysis

Financial Analysis of the City’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required statutorily while others are established internally to assist management in accounting for certain activities.

Governmental Funds

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements.

As of the end of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$152.5 million, an increase of \$20.7 million, of which \$27.3 million can be attributed to the purchase of land with federal funding for railroad relocation and use of fund balance in the Sales Tax and General Funds.

Approximately 25.0 percent, or \$38.1 million, of this combined ending fund balance constitutes unassigned fund balance. The remainder of fund balance is assigned (\$8.0 million, 5.2 percent), committed (\$33.7 million, 22.1 percent), restricted (\$36.4 million, 23.9 percent) or nonspendable (\$29.1 million, 19.1 percent).

The **General Fund** is the primary operating fund of the City. At the end of the current fiscal year, the assigned fund balance was \$5.4 million and the unassigned fund balance was \$38.1 million. Combined these balances represent a decrease of \$2.7 million, representing 28.9 percent of the final 2015 General Fund expenditure budget of \$150.8 million. The City has a reserve policy target of 25 percent (assigned and unassigned fund balance) .The City manages reserves above this target to plan for the operating impacts resulting from future growth, including the ability to operate and maintain new capital infrastructure.

Year-over-year, total revenues increased by \$6.2 million. Major contributing factor to this increase was (1) an increase in sales tax revenue of \$3.2 million or 5.9 percent; and (2) an increase in property tax revenue of \$2.3 million or 4.5 percent. This increase in property tax was comprised of the statutorily provided 1.4 percent inflationary adjustment and a 3.1 percent increase for new growth.

Operating expenditures increased by \$8.8 million, or 6.7 percent, in 2015. Most of the operating expenditure increases were attributable to keeping up with the city’s fast pace of growth and demand for services including the first full year of operations of fire station #11.

Changes within the various service areas are shown below.

| | Operating Expenditures | | | % |
|--------------------------|------------------------|--------------------|--------------------|-------------|
| | 2014 | 2015 | Increase(Decrease) | |
| General Government | \$ 14,389,217 | \$ 15,190,013 | \$ 800,796 | 5.6% |
| Public Safety | 52,556,252 | 57,130,548 | 4,574,296 | 8.7% |
| Highways & Streets | 23,420,694 | 24,407,469 | 986,775 | 4.2% |
| Public Health | 10,146,920 | 10,662,930 | 516,010 | 5.1% |
| Culture & Recreation | 21,683,380 | 22,765,616 | 1,082,236 | 5.0% |
| Urban & Econ Development | 9,049,989 | 9,877,163 | 827,174 | 9.1% |
| | <u>131,246,452</u> | <u>140,033,739</u> | <u>8,787,287</u> | <u>6.7%</u> |

The **Entertainment Tax Fund** recognized an increase in fund balance as a 9.5 percent year-over-year increase in

entertainment tax revenues and a decrease in debt service due to the full payment of all outstanding debt in the previous year. The Fund, which is used to operate and maintain the City’s convention and entertainment facilities, has a “committed for other purposes” fund balance of \$6.5 million.

The **Sales and Use Tax Fund** accounts for the second penny sales and use tax which is used to fund general capital projects including highways and streets, parks and recreation, and other capital infrastructure and equipment needs of the City.

The Fund experienced a \$6.5 million reduction in fund balance, ending with a balance of \$49.5 million. Of this balance, \$22.3 million is restricted, \$7.7 million is committed for debt service and \$19.5 million is committed for current and future capital projects.

The **Community Development Fund** experienced a small increase in fund balance of \$0.4 million during 2015 as federal and local funding was programmed for expenditure based upon project availability.

The **Storm Drainage Fund** had virtually no change in fund balance during 2015.

The **Railroad Relocation Fund** recognized an increase in fund balance of \$27.3 million during 2015 due to the purchase of the railroad property with Federal grant funds of the same amount. The property is being held for future economic development and resale, therefore the fund balance is considered nonspendable.

Proprietary (business-type) Funds

The City of Sioux Falls’ proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following table depicts the unrestricted net position and the increase or decrease over previous years for the individual enterprise funds.

| | Unrestricted Net Position | | |
|---------------------------|---------------------------|----------------------|-----------------------|
| | 2014 | 2015 | Increase (Decrease) |
| Electric Light | \$ 3,243,057 | \$ 3,378,626 | \$ 135,569 |
| Public Parking Facilities | 4,099,253 | 3,670,069 | (429,184) |
| Sanitary Landfill | 9,670,561 | 11,286,694 | 1,616,133 |
| Water | 23,419,139 | 20,149,123 | (3,270,016) |
| Water Reclamation | 19,169,257 | 18,898,986 | (270,271) |
| | <u>\$ 59,601,267</u> | <u>\$ 57,383,498</u> | <u>\$ (2,217,769)</u> |

The changes within the unrestricted net position of the proprietary (enterprise) funds are generally related to changes in rate structure and investments in capital assets. The rate adjustments have been driven by detailed rate models which include not only current and future operating costs but also provide for infrastructure expansion within each of the funds.

All funds experienced positive cash flow from operating activities. The funds ended with a total cash balance of \$73.7 million, an increase of \$5.0 million, with net cash flows from operations of \$41.7 million.

The City continues to conduct rate reviews for each enterprise fund to ensure the self-sufficiency and sustainability of each fund.

Management's Discussion and Analysis

The **Electric Light Fund** generated a slight increase in net cash flow in 2015, ending the year with a cash balance of \$3.6 million and an unrestricted net position of \$3.4 million.

The Electric Light Fund completed a comprehensive rate study in 2014, which evaluated the higher energy costs and a renegotiated agreement for supplemental power impacting operating costs. The study also evaluated the costs of capital infrastructure that will need to be added or replaced in the near future. The results of this and subsequent rate analysis have led to rate increases, the latest effective on January 1, 2015.

The **Public Parking Fund** generated \$0.6 million in cash flow from operating activities ending the year with a cash balance of \$4.2 million and unrestricted net position of \$3.7 million.

The City adopted a new parking rate structure which allows phased in rate increases beginning in 2016. The city is also planning to construct a new multi-use parking structure in 2017.

The **Sanitary Landfill Fund** ended the year with an unrestricted net position of \$11.3 million and a cash balance of \$17.2 million. A substantial portion, \$5.6 million, of the cash balance has been restricted to meet the City's future closure and post-closure obligations.

In 2014, the City completed an extensive rate analysis compiled by a consulting engineering firm to evaluate ongoing operating and capital equipment costs, cell expansion as well as costs associated with closure and post-closure care. Based on this analysis the City began a series of rate adjustments, the latest effective on January 1, 2015. The City continues to sell methane gas generated by the landfill to a nearby ethanol plant.

The **Water Fund** generated \$18.2 million in cash flow from operating activities. After realizing \$19.2 million in cash outflows from capital and relating financing activities the fund recognized a net cash outflow of \$0.2 million.

In 2009, the city completed pre-payment of its portion of the Lewis & Clark Regional Water System (LCRWS) project (described in Note 5 on page 73). The city began receiving water on July 30, 2012. This project is projected to provide for the City's future supplemental water needs beyond 2040.

Upon completion of a comprehensive rate and water needs analysis in 2014, a series of annual water rate adjustments have been approved. Each year, the water rate analysis has been updated by an independent engineering firm to account for ongoing costs of operations, the financing of the City's LCRWS pre-payment, and additional capital replacements and expansions to meet the City's growing

demands on water resources. The City adopted an additional rate increase effective January 1, 2015.

The **Water Reclamation Fund** recognized an increase of \$1.9 million in cash as \$17.6 million in cash flow from operating and investing activities was partially offset with \$15.4 million in spending for capital infrastructure and related financing activities.

An independent engineering firm annually updates the comprehensive rate analysis for the Water Reclamation Fund. The analysis reviews current operating, system replacement, and anticipated future development needs.

Based upon the rate analysis in 2014 the City adopted a rate increase effective January 1, 2015.

General Fund Budgetary Highlights

The difference between the original expenditure budget and the final amended budget was \$0.9 million (0.6 percent). The budget adjustments were due to unanticipated grants received by the Police and Health departments and overtime wages in the Police Department.

Revenues fell short of initial projections by \$0.6 million even though key economic indicators clearly reflect a steadily growing Sioux Falls economy. A local unemployment rate of 2.9 percent and record construction activity set a new all-time high with \$676.3 million in construction permits issued in 2015 leading to an increase of \$0.8 million in licenses and permit revenues. This strong building activity contributed to a solid 5.9 percent growth in City sales taxes. Although solid growth was experienced total sales tax collections were \$0.5 million below initial projections.

As planned, the City used reserves for the first time in five years to open a new fire station. This consistent track record of fiscal responsibility is a credit to a strong economy and prudent budgetary management. Although originally budgeting to use \$5.3 million in operating reserves in 2015, the City ended the year by using \$2.7 million of reserves. The City expenditures ended the year \$3.1 million (2.7 percent) below final budget.

Capital Assets and Debt Administration

Capital assets. The investment in capital assets for the governmental and business-type activities as of December 31, 2015, amounted to \$1.6 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, intangibles, and construction in progress.

Management's Discussion and Analysis

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|-------------------------|--------------------------|-----------------------|------------------------|-------------------------|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| Land | \$ 138,828,187 | \$ 141,925,586 | \$ 16,149,522 | \$ 16,615,616 | \$ 154,977,709 | \$ 158,541,202 |
| Buildings | 199,531,662 | 199,441,864 | 27,836,028 | 27,035,748 | 227,367,690 | 226,477,612 |
| Improvements Other Than Buildings | 65,388,874 | 64,387,370 | 8,847,537 | 6,766,224 | 74,236,411 | 71,153,594 |
| Machinery and Equipment | 36,786,222 | 39,204,022 | 16,678,878 | 16,346,625 | 53,465,100 | 55,550,647 |
| Infrastructure | 591,196,559 | 611,492,326 | 370,769,088 | 375,709,618 | 961,965,647 | 987,201,944 |
| Intangibles | 4,503,100 | 4,921,930 | 75,511,282 | 75,549,260 | 80,014,382 | 80,471,190 |
| Construction in Progress | 7,839,422 | 16,056,939 | 4,641,617 | 6,924,799 | 12,481,039 | 22,981,738 |
| Total Assets | \$ 1,044,074,026 | \$ 1,077,430,037 | \$ 520,433,952 | \$ 524,947,890 | \$1,564,507,978 | \$ 1,602,377,927 |

The City's investment in capital assets net of accumulated depreciation, increased by \$37.9 million in the current fiscal year. This increase was due in large part to the addition of the following capital assets:

- The completion of a variety of street construction and reconstruction projects (including donated and annexed streets) totaling \$40.3 million, including the overlay and concrete restoration of several city streets for \$9.2 million.
- The completion of light, water, wastewater, and storm drainage infrastructure totaling \$30.3 million.
- The construction of the Diamond Creek Bike Trail Spur, totaling \$1.0 million.
- The reroofing of the Washington Pavilion Cinedome Theatre totaling \$1.3 million.

- The renovation of the Great Bear Tubing Hill, totaling \$.8 million.
- The construction of Prairie Hills West Park, totaling \$.7 million.

Additional information on capital assets can be found in Note 3 in the Notes to the Financial Statements.

Long-term debt. At the end of the fiscal year, the City of Sioux Falls had total debt outstanding of \$337.2 million. As shown below, outstanding debt decreased by \$24.8 million. The City made regularly scheduled principal payments of \$26.8 million in 2015, with little additional borrowing.

| | Outstanding Debt by Type | | | | | |
|--------------|--------------------------|-----------------------|--------------------------|-----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| Bonds | \$ 182,460,000 | \$ 175,925,000 | \$ 66,430,000 | \$ 64,545,000 | \$248,890,000 | \$240,470,000 |
| Notes | 12,433,506 | 8,285,280 | 100,706,937 | 88,464,577 | 113,140,443 | 96,749,857 |
| Total | \$ 194,893,506 | \$ 184,210,280 | \$ 167,136,937 | \$ 153,009,577 | \$362,030,443 | \$337,219,857 |

As several debt issuances of the City are secured by a pledge from one source and repaid by another, the following table provides a breakdown of the outstanding debt on both a pledged basis (the funding source that secures the debt issuance) and a repayment basis (the funding source making the debt service payments).

The bonds issued to fund the City's pre-payment to the Lewis and Clark Regional Water System within the Water Fund used the pledge of the second penny sales tax, but is being repaid by that fund. One issue for storm drainage improvements is secured by a pledge of storm drainage revenues; however, repayments are being made from the second penny sales tax.

Management's Discussion and Analysis

| | Outstanding Debt by Pledge and Repayment | | | |
|---------------------------------|---|-----------------------|-----------------------|-----------------------|
| | Pledged | | Repayment | |
| | 2014 | 2015 | 2014 | 2015 |
| Governmental Activities | | | | |
| General Fund | \$ - | \$ - | \$ - | \$ - |
| Sales and Use Tax Fund | 254,570,747 | 244,856,808 | 194,996,729 | 184,456,152 |
| Community Development | 500,000 | 500,000 | 500,000 | 500,000 |
| Storm Drainage Fund | 8,488,151 | 5,459,877 | 1,632,169 | 1,315,533 |
| Nonmajor Governmental Funds | 2,165,000 | 2,060,000 | 2,165,000 | 2,060,000 |
| Total Governmental Activities | <u>265,723,898</u> | <u>252,876,685</u> | <u>199,293,898</u> | <u>188,331,685</u> |
| Business-type Activities | | | | |
| Landfill Fund | 1,109,906 | - | 1,109,906 | - |
| Water Fund | 18,805,491 | 14,914,560 | 85,235,491 | 79,459,560 |
| Water Reclamation Fund | 80,791,540 | 73,550,017 | 80,791,540 | 73,550,017 |
| Total Business-type Activities | <u>100,706,937</u> | <u>88,464,577</u> | <u>167,136,937</u> | <u>153,009,577</u> |
| Total | <u>\$ 366,430,835</u> | <u>\$ 341,341,262</u> | <u>\$ 366,430,835</u> | <u>\$ 341,341,262</u> |

The City carries an 'Aa2' sales tax bond rating from Moody's and an 'AA-' rating from S&P. These ratings reflect the city's stable local economy as a regional economic hub with a low unemployment rate, growing population, large sales tax base, and positive growth in sales tax revenues. The City has no general bond rating, as the City does not have general obligation debt outstanding.

The State Constitution limits the amount of debt a governmental entity may issue based upon three categories as described in the notes to the financial statements. Currently, all of the City's debt is classified under the category of general-purpose debt, which is limited to five percent of assessed valuation of the taxable property. The current general-purpose debt limitation for the City is \$719.7 million, which is \$379.3 million in excess of the City's outstanding bonded debt.

Additional information on the City of Sioux Falls' long-term debt can be found beginning on page 67 of this report.

Economic Outlook and Next Year's Budget

General (Primary Operating) Fund: The City's 2016 budget focuses on investing in public safety, strengthening our team, and maintaining what we have.

The local economy experienced steady economic growth in 2015 as the key economic indicators of taxable sales, construction permits, job growth, and unemployment all showed positive momentum. The City is leveraging this strong financial position and carefully prioritizing community needs to keep pace with this steady growth.

The City experienced sales tax revenue growth of 5.9 percent in 2015. The City will use a sales tax revenue growth estimate of 6 percent in 2016 for the first penny sales and use tax, the primary revenue source for the General Fund. The City's second largest source of tax revenue, property tax, reflects a 4.5 percent adjustment for new growth. Although 2015 was a record year for building permit values, recognition of this growth can take two to three years before being fully recognized as assessed

property. Tax exempt and properties eligible for the discretionary tax abatement are impacting the recognition of property tax received from new construction.

The 2016 budget provides for the use of \$5.4 million of the combined assigned and unassigned fund balance. This use of fund balance will leave the City near the 25 percent reserve target. Slow revenue growth projections will require the City to carefully manage expenditure growth in future years.

The City uses a long-term forecasting model of estimated revenues and anticipated expenditures to strategically prepare budgets that address not just normal changes within the operating budget but also integrate the impact of the City's future growth.

Sales and Use Tax (Primary Capital) Fund: As this fund is used to finance capital investments and not ongoing operating costs, the City does not maintain a target for reserves. Rather, the City utilizes a five-year capital program to strategically plan and prioritize capital investments. The first year of the capital program, 2016, focuses on strengthening infrastructure, continuing to repair, rebuild and replace streets, and increased quality of life.

Enterprise Funds: The City's enterprise funds continue to use externally prepared rate models to ensure that revenues generated from operations can continue to fund both the ongoing costs of operation plus necessary capital expansions. The rate models are reviewed annually to ensure adequate cash flow to meet current expenditures, maintain the existing infrastructure, and to build reserves to meet unanticipated capital outlays or shortfalls in operating revenues.

Pension Funds: The City's pension plans were closed to new membership as of July 1, 2013. All full-time employees hired after this date will become members of the South Dakota Retirement System. In addition, employees remaining in the plan on January 1, 2014 and thereafter no longer have access to the City's health plan, but will be

Management's Discussion and Analysis

provided a flat dollar stipend to purchase their own health insurance as discussed in Note No. 10 of this report.

Summary: A growing city and a strong commitment to fiscal discipline will require the City to prudently manage its resources to maintain high quality services. The city is committed to maintain a strong financial position to ensure Sioux Falls continues to be the best place to live, work, play, and raise a family.

Sioux Falls has a dynamic business environment. Anchored by healthcare, retail trade, agriculture, and financial services the city is the region's economic driver. Consumer and business spending continues to grow, as represented by an increase in sales tax collections of 5.9 percent in 2015. In addition, record construction and strong employment numbers point to sustained economic growth.

The City is a proven leader when it comes to fiscal responsibility, with City leaders who are committed to making wise investments of public resources. This leadership provides the backdrop for the city's continued success in providing the public a terrific value for their tax dollars.

Requests for Information

This financial report is designed to provide a general overview of the City of Sioux Falls' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, 224 West Ninth Street, City of Sioux Falls, Sioux Falls, SD 57104, (605) 367-8860.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015**

Statement of Net Position

| | Primary Government | | | Component Units | |
|--|------------------------|-----------------------|------------------------|---------------------|---------------------|
| | Governmental | Business-type | Total | Housing & | Metro |
| | Activities | Activities | | Redevelopment | Communications |
| | | | | Commission | Agency |
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 149,998,965 | \$ 73,654,938 | \$ 223,653,903 | \$ 2,461,407 | \$ 1,977,986 |
| Investments | - | 896 | 896 | 25,331 | - |
| Receivables, net | 23,428,912 | 7,597,059 | 31,025,971 | 96,002 | 4,531 |
| Prepaid Items | 325,900 | - | 325,900 | 59,646 | 28,122 |
| Internal Balances | (3,467,951) | 3,467,951 | - | - | - |
| Due From Other Governments | 16,297,414 | - | 16,297,414 | 256,234 | 393,462 |
| Inventory of Supplies and Stores | 29,741,281 | 2,573,604 | 32,314,885 | 447,136 | - |
| Deposits | 1,141,359 | - | 1,141,359 | - | 17,432 |
| Net Pension Asset | 1,654,900 | 214,532 | 1,869,432 | - | 543,961 |
| Capital Assets: | | | | | |
| Land | 141,925,586 | 16,615,616 | 158,541,202 | 1,069,446 | - |
| Buildings, net | 199,441,864 | 27,035,748 | 226,477,612 | 2,890,935 | - |
| Improvements Other Than Buildings, net | 64,387,370 | 6,766,224 | 71,153,594 | 222,672 | - |
| Machinery and Equipment, net | 39,204,022 | 16,346,625 | 55,550,647 | 105,588 | 797,638 |
| Infrastructure, net | 611,492,326 | 375,709,618 | 987,201,944 | - | - |
| Intangibles, net | 4,921,930 | 75,549,260 | 80,471,190 | - | - |
| Construction in Progress | 16,056,939 | 6,924,799 | 22,981,738 | 100,742 | - |
| Total Assets | 1,296,550,817 | 612,456,870 | 1,909,007,687 | 7,735,139 | 3,763,132 |
| Deferred Outflow of Resources | | | | | |
| City Employee's Retirement System | 24,344,911 | 4,368,105 | 28,713,016 | - | - |
| City Firefighters' Pension Fund | 10,243,074 | - | 10,243,074 | - | - |
| South Dakota Retirement System | 2,996,782 | 388,485 | 3,385,267 | - | 948,438 |
| Total Deferred Outflow of Resources | 37,584,767 | 4,756,590 | 42,341,357 | - | 948,438 |
| Liabilities | | | | | |
| Accounts Payable and Other Current Liabilities | 11,128,049 | 2,058,857 | 13,186,906 | 809,651 | 134,292 |
| Interest Payable | 881,612 | 726,841 | 1,608,453 | 1,647 | - |
| Deposits | 99,508 | 615,878 | 715,386 | 17,973 | - |
| Unearned Revenue-Federal Grants | 18,173,882 | - | 18,173,882 | - | - |
| Unearned Revenue-Other | - | - | - | 17,937 | - |
| Net Pension Liability | 88,049,452 | 10,656,507 | 98,705,959 | - | - |
| Long-term Liabilities: | | | | | |
| Due Within One Year | 12,992,425 | 15,095,852 | 28,088,277 | 102,253 | 88,943 |
| Due In More Than One Year | 188,236,235 | 145,559,044 | 333,795,279 | 3,172,545 | 301,974 |
| Total Liabilities | 319,561,163 | 174,712,979 | 494,274,142 | 4,122,006 | 525,209 |
| Deferred Inflow of Resources | | | | | |
| City Employee's Retirement System | 137,913 | 24,745 | 162,658 | - | - |
| City Firefighters' Pension Fund | 602,237 | - | 602,237 | - | - |
| South Dakota Retirement System | 2,441,839 | 316,546 | 2,758,385 | - | 806,129 |
| Total Deferred Inflow of Resources | 3,181,989 | 341,291 | 3,523,280 | - | 806,129 |
| Net Position | | | | | |
| Net Investment in Capital Assets | 918,392,160 | 373,898,313 | 1,292,290,473 | 1,332,537 | 797,638 |
| Restricted for: | | | | | |
| Debt Service | 23,161,109 | 7,250,330 | 30,411,439 | - | - |
| Park and Recreation | 555,473 | - | 555,473 | - | - |
| Police | 70,877 | - | 70,877 | - | - |
| Community Development | 3,121,089 | - | 3,121,089 | - | - |
| Pollution Control | 3,653 | - | 3,653 | - | - |
| Library: | | | | | |
| Expendable | 46,166 | - | 46,166 | - | - |
| Nonexpendable | 24,767 | - | 24,767 | - | - |
| Heroic Awards: | | | | | |
| Expendable | 3,653 | - | 3,653 | - | - |
| Nonexpendable | 2,000 | - | 2,000 | - | - |
| Pension | 2,165,073 | 170,198 | 2,335,271 | - | 686,270 |
| Flood Control | 76,610 | - | 76,610 | - | - |
| Events Center | 4,552,342 | - | 4,552,342 | - | - |
| Other Capital Projects | 6,152,913 | - | 6,152,913 | - | - |
| Other Purposes | 5,834,124 | - | 5,834,124 | 457,022 | 24 |
| Liability Insurance Pool | - | - | - | - | 17,432 |
| Unrestricted | 47,230,423 | 60,840,349 | 108,070,772 | 1,823,574 | 1,878,868 |
| Total Net Position | \$1,011,392,432 | \$ 442,159,190 | \$1,453,551,622 | \$ 3,613,133 | \$ 3,380,232 |

The notes to the financial statements are an integral part of this statement.

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015**

Statement of Activities

| Function/Program Activities | Expenses | Program Revenues | | |
|---------------------------------------|-----------------------|---|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 16,186,279 | \$ 1,990,147 | \$ 24 | \$ - |
| Public Safety: | | | | |
| Fire Protection | 28,909,163 | 400,652 | 580,026 | 26,925 |
| Police Protection | 34,995,848 | 433,088 | 844,333 | - |
| Highways and Streets | 56,489,047 | 614,240 | 909,670 | 18,457,381 |
| Public Health | 11,506,819 | 5,186,248 | 3,525,942 | - |
| Culture and Recreation: | | | | |
| Libraries | 8,202,420 | 151,148 | 1,038,755 | 40,498 |
| Museum | 539,345 | - | - | - |
| Parks & Recreation | 23,198,516 | 1,102,581 | 384,942 | 841,035 |
| Entertainment Venues | 7,434,826 | - | 203,291 | - |
| Urban and Economic Development: | | | | |
| Community Development | 2,759,033 | 1,743,085 | 755,914 | - |
| Economic Development | 6,539,607 | 5,770 | - | - |
| TIF | 6,971,201 | - | - | - |
| Urban Management | 6,086,958 | 3,951,340 | 4,256,446 | - |
| Interest on Long-Term Debt | 6,626,453 | - | - | - |
| Total Governmental Activities | 216,445,515 | 15,578,299 | 12,499,343 | 19,365,839 |
| Business-type Activities: | | | | |
| Electric Light | 8,808,582 | 8,526,234 | - | 720,125 |
| Public Parking | 2,418,497 | 2,279,156 | - | - |
| Sanitary Landfill | 8,664,217 | 10,707,724 | - | - |
| Water | 26,828,879 | 32,610,302 | 69,765 | 5,337,431 |
| Water Reclamation | 22,186,415 | 25,474,334 | - | 2,925,557 |
| Total Business-type Activities | 68,906,590 | 79,597,750 | 69,765 | 8,983,113 |
| Total Government | \$ 285,352,105 | \$ 95,176,049 | \$ 12,569,108 | \$ 28,348,952 |
| Component Units: | | | | |
| Housing & Redevelopment Commission | \$ 13,738,049 | \$ 913,303 | \$ 12,344,674 | \$ - |
| Metro Communications Agency | 3,808,766 | 64,482 | 1,252,493 | - |
| | \$ 17,546,815 | \$ 977,785 | \$ 13,597,167 | \$ - |
| | | General Revenues: | | |
| | | Taxes: | | |
| | | Property Tax | | |
| | | Sales Tax | | |
| | | Frontage Tax | | |
| | | Amusement Tax | | |
| | | E-911 Surcharges | | |
| | | Unrestricted State and County Shared Revenues | | |
| | | Unrestricted Investment Earnings | | |
| | | Miscellaneous Revenue, Net | | |
| | | Transfers | | |
| | | Total General Revenues and Transfers | | |
| | | Change in Net Position | | |
| | | Net Position - Beginning | | |
| | | Restatement (Note 9) | | |
| | | Net Position - Beginning, as Resstated | | |
| | | Net Position - Ending | | |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

Statement of Activities (cont)

| Net (Expense) Revenue and Changes in Net Position | | | | |
|---|--------------------------|-------------------------|--------------------------------------|-----------------------------|
| Primary Government | | | Component Units | |
| Governmental Activities | Business-type Activities | Total | Housing and Redevelopment Commission | Metro Communications Agency |
| \$ (14,196,108) | \$ - | \$ (14,196,108) | | |
| (27,901,560) | - | (27,901,560) | | |
| (33,718,427) | - | (33,718,427) | | |
| (36,507,756) | - | (36,507,756) | | |
| (2,794,629) | - | (2,794,629) | | |
| (6,972,019) | - | (6,972,019) | | |
| (539,345) | - | (539,345) | | |
| (20,869,958) | - | (20,869,958) | | |
| (7,231,535) | - | (7,231,535) | | |
| (260,034) | - | (260,034) | | |
| (6,533,837) | - | (6,533,837) | | |
| (6,971,201) | - | (6,971,201) | | |
| 2,120,828 | - | 2,120,828 | | |
| (6,626,453) | - | (6,626,453) | | |
| <u>(169,002,034)</u> | <u>-</u> | <u>(169,002,034)</u> | | |
| - | 437,777 | 437,777 | | |
| - | (139,341) | (139,341) | | |
| - | 2,043,507 | 2,043,507 | | |
| - | 11,188,619 | 11,188,619 | | |
| - | 6,213,476 | 6,213,476 | | |
| - | 19,744,038 | 19,744,038 | | |
| <u>(169,002,034)</u> | <u>19,744,038</u> | <u>(149,257,996)</u> | | |
| | | | \$ (480,072) | \$ - |
| | | | - | (2,491,791) |
| | | | <u>(480,072)</u> | <u>(2,491,791)</u> |
| 55,360,779 | - | 55,360,779 | - | - |
| 126,603,392 | - | 126,603,392 | - | - |
| 11,064,584 | - | 11,064,584 | - | - |
| 10,164 | - | 10,164 | - | - |
| - | - | - | - | 2,389,741 |
| 33,104,745 | - | 33,104,745 | - | - |
| 736,628 | 702,138 | 1,438,766 | 5,226 | 10,495 |
| 1,601,309 | 2,422,923 | 4,024,232 | (5,843) | - |
| 373,312 | (373,312) | - | - | - |
| <u>228,854,913</u> | <u>2,751,749</u> | <u>231,606,662</u> | <u>(617)</u> | <u>2,400,236</u> |
| 59,852,879 | 22,495,787 | 82,348,666 | (480,689) | (91,555) |
| 1,000,394,491 | 425,305,705 | 1,425,700,196 | 4,093,822 | 2,872,065 |
| (48,854,938) | (5,642,302) | (54,497,240) | - | 599,722 |
| <u>951,539,553</u> | <u>419,663,403</u> | <u>1,371,202,956</u> | <u>4,093,822</u> | <u>3,471,787</u> |
| <u>\$ 1,011,392,432</u> | <u>\$ 442,159,190</u> | <u>\$ 1,453,551,622</u> | <u>\$ 3,613,133</u> | <u>\$ 3,380,232</u> |

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015**

Balance Sheet - Governmental Funds

| | <u>General</u> | <u>Entertainment Tax</u> | <u>Sales and Use Tax</u> |
|--|----------------------|------------------------------|------------------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 43,093,025 | \$ 6,118,552 | \$ 48,529,719 |
| Receivables: | | | |
| Taxes-Delinquent | 1,401,049 | - | - |
| Accounts (net of allowance for uncollectibles) | 1,329,971 | - | 46,476 |
| Interest and Penalty | 145,214 | 15,524 | 78,077 |
| Special Assessments | 272,198 | - | 1,361,882 |
| Rehabilitation Loans and Grants | - | - | - |
| Due from Other Funds | 309,152 | - | 2,379 |
| Due from Other Governments | 3,956,296 | 383,066 | 1,818,520 |
| Inventory of Supplies and Stores | 1,500,337 | - | - |
| Notes Receivable | - | - | - |
| Total Assets | <u>\$ 52,007,242</u> | <u>\$ 6,517,142</u> | <u>\$ 51,837,053</u> |
| Liabilities, Deferred Inflows of Resources, and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable | \$ 2,564,414 | \$ 13,875 | \$ 772,205 |
| Due to Other Funds | 14,697 | - | - |
| Accrued Wages | 3,038,146 | - | - |
| Deposits | 99,508 | - | - |
| Unearned Revenue-Federal Grants | - | - | - |
| Total Liabilities | <u>5,716,765</u> | <u>13,875</u> | <u>772,205</u> |
| Deferred Inflows of Resources | | | |
| Unavailable Revenue-Property Taxes | 625,297 | - | - |
| Unavailable Revenue-Special Assessments | 137,799 | - | 1,338,803 |
| Unavailable Revenue-Other | - | - | 194,478 |
| Total Deferred Inflows of Resources | <u>763,096</u> | <u>-</u> | <u>1,533,281</u> |
| Fund Balances | | | |
| Nonspendable | 1,500,337 | - | - |
| Restricted | 482,427 | - | 22,333,307 |
| Committed | - | 6,503,267 | 27,198,260 |
| Assigned | 5,414,824 | - | - |
| Unassigned | 38,129,793 | - | - |
| Total Fund Balances | <u>45,527,381</u> | <u>6,503,267</u> | <u>49,531,567</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 52,007,242</u> | <u>\$ 6,517,142</u> | <u>\$ 51,837,053</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
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Balance Sheet - Governmental Funds (cont)

| <u>Community Development</u> | <u>Storm Drainage</u> | <u>Railroad Relocation</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|----------------------------------|---------------------------|--------------------------------|---|---|
| \$ 3,160,317 | \$ 9,927,730 | \$ - | \$ 11,095,178 | \$ 121,924,521 |
| - | - | - | - | 1,401,049 |
| - | - | - | 203,376 | 1,579,823 |
| 3,904 | 20,102 | - | 4,564 | 267,385 |
| - | - | - | - | 1,634,080 |
| 17,995,712 | - | - | - | 17,995,712 |
| - | - | - | - | 311,531 |
| - | - | - | 1,287,933 | 7,445,815 |
| 30,565 | - | 27,248,687 | - | 28,779,589 |
| 496,300 | - | - | - | 496,300 |
| <u>\$ 21,686,798</u> | <u>\$ 9,947,832</u> | <u>\$ 27,248,687</u> | <u>\$ 12,591,051</u> | <u>\$ 181,835,805</u> |
| \$ 22,066 | \$ 184,766 | \$ - | \$ 1,758,951 | \$ 5,316,277 |
| - | 255,555 | 2,379 | 50,000 | 322,631 |
| 21,066 | 28,467 | - | - | 3,087,679 |
| - | - | - | - | 99,508 |
| 18,173,882 | - | - | - | 18,173,882 |
| <u>18,217,014</u> | <u>468,788</u> | <u>2,379</u> | <u>1,808,951</u> | <u>26,999,977</u> |
| - | - | - | - | 625,297 |
| - | - | - | - | 1,476,602 |
| - | - | - | - | 194,478 |
| - | - | - | - | <u>2,296,377</u> |
| 348,695 | - | 27,248,687 | 26,767 | 29,124,486 |
| 3,121,089 | 9,479,044 | - | 8,158,489 | 43,574,356 |
| - | - | - | - | 33,701,527 |
| - | - | - | 2,596,844 | 8,011,668 |
| - | - | (2,379) | - | 38,127,414 |
| <u>3,469,784</u> | <u>9,479,044</u> | <u>27,246,308</u> | <u>10,782,100</u> | <u>152,539,451</u> |
| <u>\$ 21,686,798</u> | <u>\$ 9,947,832</u> | <u>\$ 27,248,687</u> | <u>\$ 12,591,051</u> | <u>\$ 181,835,805</u> |

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Total Fund Balances for Governmental Funds \$ 152,539,451

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

| | | |
|--------------------------|----------------------|---------------|
| Capital Assets | \$ 1,624,594,986 | |
| Accumulated Depreciation | <u>(562,113,442)</u> | 1,062,481,544 |

| | | |
|--|--|-----------|
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds | | 2,296,377 |
|--|--|-----------|

Internal service funds are used by management to charge the costs of fleet management, insurance programs, and technology equipment to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Position as follows:

| | | |
|--------------------------|--------------------|------------|
| Governmental Activities | 41,636,759 | |
| Business-Type Activities | <u>(3,456,851)</u> | 38,179,908 |

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

| | | |
|------------------------------|---------------------|---------------|
| Accrued Interest Payable | (881,612) | |
| Notes Payable-Revenue | (8,285,280) | |
| Unamortized Bond Premium | (4,121,405) | |
| Bonds Payable-Revenue | (175,925,000) | |
| Accrued Compensated Absences | <u>(12,655,731)</u> | (201,869,028) |

| | | |
|---|--|-----------|
| Long-term receivables are not due and receivable in the current period and therefore are not reported in the funds. | | 8,851,599 |
|---|--|-----------|

Net pension liability and pension deferred outflows and inflows of resources are not due in the current period and therefore are not reported in the funds.

These amounts consist of:

| | | |
|--------------------------------|--------------------|---------------------|
| Net Pension Asset | 1,654,900 | |
| Deferred Outflows of Resources | 37,584,767 | |
| Net Pension Liability | (88,049,452) | |
| Deferred Inflows of Resources | <u>(3,181,989)</u> | <u>(51,991,774)</u> |

| | | |
|---|--|--------------------------------|
| Net Position of Governmental Activities | | <u><u>\$ 1,010,488,077</u></u> |
|---|--|--------------------------------|

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**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015**

**Statement of Revenues, Expenditures, and Changes
in Fund Balance - Governmental Funds**

| | <u>General</u> | <u>Entertainment Tax</u> | <u>Sales and Use Tax</u> |
|---------------------------------------|----------------------|------------------------------|------------------------------|
| Revenues | | | |
| Taxes: | | | |
| Property | \$ 53,344,081 | \$ - | \$ - |
| Sales | 58,087,990 | 7,027,300 | 58,087,425 |
| Frontage | 4,600,328 | - | - |
| Lodging (includes BID) | 2,910,765 | - | - |
| Amusement | 10,164 | - | - |
| Penalties and Interest | 90,130 | - | - |
| Special Assessments | 226,315 | - | 1,541,435 |
| Licenses and Permits | 5,891,551 | - | 92,593 |
| Intergovernmental | 11,861,325 | - | 699,097 |
| Charges for Goods and Services | 6,820,346 | - | 236,738 |
| Fines and Forfeitures | 653,200 | - | - |
| Investment Revenue | 416,004 | 57,847 | (88,177) |
| Rentals/Operating Leases | 140,786 | - | - |
| Contributions | 148,655 | - | 670,166 |
| Miscellaneous Revenue | (1,267,071) | 109,889 | 6,525 |
| Total Revenues | <u>143,934,569</u> | <u>7,195,036</u> | <u>61,245,802</u> |
| Expenditures | | | |
| Current: | | | |
| General Government | 15,190,013 | - | 27,021 |
| Public Safety | 57,130,548 | - | 116,148 |
| Highways and Streets | 24,407,469 | - | 750 |
| Public Health | 10,662,930 | - | - |
| Culture and Recreation | 22,765,616 | 2,392,367 | 438 |
| Urban and Economic Development | 9,877,163 | - | - |
| Debt Service: | | | |
| Principal | - | - | 10,261,589 |
| Interest and Fiscal Charges | - | - | 6,794,120 |
| Capital Outlay | | | |
| General Government | - | - | 1,092,111 |
| Public Safety | - | - | 3,481,118 |
| Highways and Streets | - | - | 28,613,835 |
| Public Health | - | - | 108,924 |
| Culture and Recreation | - | 2,771,148 | 15,637,521 |
| Urban and Economic Development | - | - | 1,266,035 |
| Total Expenditures | <u>140,033,739</u> | <u>5,163,515</u> | <u>67,399,610</u> |
| Revenues Over (Under) Expenditures | <u>3,900,830</u> | <u>2,031,521</u> | <u>(6,153,808)</u> |
| Other Financing Sources (Uses) | | | |
| Sale of Surplus Property | 54,524 | 4,743 | 31,413 |
| Damage Recovery | 73,851 | 276,290 | 14,042 |
| Transfers In | - | - | 373,312 |
| Transfers Out | (6,726,359) | - | (750,000) |
| Total Other Financing Sources (Uses) | <u>(6,597,984)</u> | <u>281,033</u> | <u>(331,233)</u> |
| Net Change in Fund Balances | (2,697,154) | 2,312,554 | (6,485,041) |
| Fund Balances, January 1 | <u>48,224,535</u> | <u>4,190,713</u> | <u>56,016,608</u> |
| Fund Balances, December 31 | <u>\$ 45,527,381</u> | <u>\$ 6,503,267</u> | <u>\$ 49,531,567</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Governmental Funds (cont)

| Community Development | Storm Drainage | Railroad Relocation | Other Governmental Funds | Total |
|--------------------------|-------------------|------------------------|--------------------------------|----------------|
| \$ - | \$ - | \$ - | \$ 2,063,585 | \$ 55,407,666 |
| - | - | - | - | 123,202,715 |
| - | 6,464,256 | - | - | 11,064,584 |
| - | - | - | - | 2,910,765 |
| - | - | - | - | 10,164 |
| - | - | - | - | 90,130 |
| - | 936,339 | - | - | 2,704,089 |
| - | - | - | - | 5,984,144 |
| 755,914 | - | 27,301,500 | 4,023,065 | 44,640,901 |
| - | - | - | - | 7,057,084 |
| - | - | - | - | 653,200 |
| 48,333 | 35,325 | - | 13,463 | 482,795 |
| 1,743,085 | - | - | - | 1,883,871 |
| - | - | - | 203,291 | 1,022,112 |
| - | - | - | 152,854 | (997,803) |
| 2,547,332 | 7,435,920 | 27,301,500 | 6,456,258 | 256,116,417 |
| - | - | - | - | 15,217,034 |
| - | - | - | - | 57,246,696 |
| - | 2,118,527 | - | - | 26,526,746 |
| - | - | - | - | 10,662,930 |
| - | - | - | 68,221 | 25,226,642 |
| 2,795,119 | - | - | 8,663,855 | 21,336,137 |
| - | 316,636 | - | 105,000 | 10,683,225 |
| - | 37,703 | - | 116,108 | 6,947,931 |
| - | - | - | - | 1,092,111 |
| - | - | - | - | 3,481,118 |
| - | 4,970,313 | - | 119,108 | 33,703,256 |
| - | - | - | - | 108,924 |
| - | - | - | 2,071,248 | 20,479,917 |
| - | - | - | 1,924,165 | 3,190,200 |
| 2,795,119 | 7,443,179 | - | 13,067,705 | 235,902,867 |
| (247,787) | (7,259) | 27,301,500 | (6,611,447) | 20,213,550 |
| - | - | - | 442 | 91,122 |
| - | - | - | 443,719 | 807,902 |
| 722,641 | - | - | 5,953,718 | 7,049,671 |
| - | - | - | - | (7,476,359) |
| 722,641 | - | - | 6,397,879 | 472,336 |
| 474,854 | (7,259) | 27,301,500 | (213,568) | 20,685,886 |
| 2,994,930 | 9,486,303 | (55,192) | 10,995,668 | 131,853,565 |
| \$ 3,469,784 | \$ 9,479,044 | \$ 27,246,308 | \$ 10,782,100 | \$ 152,539,451 |

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

| | | |
|---|---------------------|----------------------|
| Net Change in Fund Balances - Total Governmental Funds | | \$ 20,685,886 |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> | | |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p> | | |
| Expenditures for Capital Assets | \$ 62,055,526 | |
| Loss on Capital Assets | 559,257 | |
| Capital Assets transferred to Business-type Activities | (3,800) | |
| Less Current Year Depreciation | <u>(46,543,309)</u> | 16,067,674 |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p> | | |
| Developer Contributions of Infrastructure | 16,877,048 | |
| Property taxes and special assessments | <u>(158,632)</u> | 16,718,416 |
| <p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p> | | |
| Principal Payments | 10,683,225 | |
| Amortization of Bond Premium | 278,986 | |
| Change in Arbitrage Calculation | <u>56,878</u> | 11,019,089 |
| <p>Some revenues reported in the Statement of Activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.</p> | | |
| Due From Other Governments - Taxes | | 489,912 |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> | | |
| Compensated Absences | | (3,506,397) |
| <p>A negative net pension and OPEB obligation should be reported as an asset in the government-wide statement of net position. Conversely, a negative net pension and OPEB obligation is not considered to represent a financial asset: therefore, it is not properly reported in a governmental fund. The government-wide statement of net activities reports the change in the net pension and OPEB obligation asset from year to year.</p> | | |
| | | 14,341,676 |
| <p>Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> | | |
| | | (17,421,241) |
| <p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported within governmental activities.</p> | | |
| | | <u>1,457,864</u> |
| Change in Net Position of Governmental Activities | | <u>\$ 59,852,879</u> |

The notes to the financial statements are an integral part of this statement.

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**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015**

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|----------------------------------|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes: | | | | |
| Property | \$ 52,860,309 | \$ 52,860,309 | \$ 53,344,081 | \$ 483,772 |
| Sales | 58,613,019 | 58,613,019 | 58,087,990 | (525,029) |
| Frontage | 4,643,868 | 4,643,868 | 4,600,328 | (43,540) |
| Lodging | 3,030,042 | 3,030,042 | 2,910,765 | (119,277) |
| Amusement | 13,500 | 13,500 | 10,164 | (3,336) |
| Penalties and Interest | 100,000 | 100,000 | 90,130 | (9,870) |
| Total Taxes | <u>119,260,738</u> | <u>119,260,738</u> | <u>119,043,458</u> | <u>(217,280)</u> |
| Licenses and Permits | <u>4,737,978</u> | <u>4,737,978</u> | <u>5,891,551</u> | <u>1,153,573</u> |
| Intergovernmental Revenue | | | | |
| Federal Shared Revenues: | | | | |
| Federal Grants | <u>5,221,378</u> | <u>5,468,378</u> | <u>5,088,080</u> | <u>(380,298)</u> |
| State Shared Revenues: | | | | |
| Motor Vehicle Licenses | 2,825,600 | 2,825,600 | 2,904,473 | 78,873 |
| Bank Franchise Tax | 675,000 | 675,000 | 837,498 | 162,498 |
| Liquor Tax Reversion | 920,736 | 920,736 | 963,089 | 42,353 |
| Health License Reversion | 155,000 | 155,000 | 177,670 | 22,670 |
| Fire Insurance Premium Reversion | 465,000 | 465,000 | 496,898 | 31,898 |
| Port of Entry Fees | 60,000 | 60,000 | 73,952 | 13,952 |
| Total State Shared Revenues | <u>5,101,336</u> | <u>5,101,336</u> | <u>5,453,580</u> | <u>352,244</u> |
| State Grants | <u>123,834</u> | <u>123,834</u> | <u>101,717</u> | <u>(22,117)</u> |
| County Shared Revenues: | | | | |
| Wheel Tax | 177,956 | 177,956 | 171,379 | (6,577) |
| Contributions | 1,038,115 | 1,038,115 | 1,046,569 | 8,454 |
| Total County Shared Revenues | <u>1,216,071</u> | <u>1,216,071</u> | <u>1,217,948</u> | <u>1,877</u> |
| Total Intergovernmental Revenues | <u>11,662,619</u> | <u>11,909,619</u> | <u>11,861,325</u> | <u>(48,294)</u> |
| Special Assessments | 195,040 | 195,040 | 226,315 | 31,275 |
| Charges for Goods and Services | 7,191,767 | 7,191,767 | 6,820,346 | (371,421) |
| Fines and Forfeitures | 687,240 | 687,240 | 653,200 | (34,040) |
| Investment Revenue | 109,473 | 109,473 | 416,004 | 306,531 |
| Rentals/Operating Leases | 164,815 | 164,815 | 140,786 | (24,029) |
| Contributions | 207,800 | 207,800 | 148,655 | (59,145) |
| Miscellaneous Revenue | 331,024 | 331,024 | (1,267,071) | (1,598,095) |
| Total Revenues | <u>144,548,494</u> | <u>144,795,494</u> | <u>143,934,569</u> | <u>(860,925)</u> |

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015**

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund (cont)**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------------|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Expenditures | | | | |
| General Government: | | | | |
| Mayor | 547,362 | 547,362 | 529,895 | 17,467 |
| City Council | 1,250,324 | 1,250,324 | 1,248,982 | 1,342 |
| Attorney | 1,760,265 | 1,760,265 | 1,611,802 | 148,463 |
| Human Resources | 1,554,259 | 1,554,259 | 1,462,764 | 91,495 |
| Finance | 2,661,583 | 2,661,583 | 2,600,444 | 61,139 |
| Facilities Management | 2,959,134 | 2,959,134 | 2,732,090 | 227,044 |
| Technology | 3,268,149 | 3,268,149 | 3,263,792 | 4,357 |
| Multimedia Support | 1,749,989 | 1,749,989 | 1,740,244 | 9,745 |
| Total General Government | <u>15,751,065</u> | <u>15,751,065</u> | <u>15,190,013</u> | <u>561,052</u> |
| Public Safety: | | | | |
| Fire | 25,655,405 | 25,655,405 | 25,558,281 | 97,124 |
| Police | 30,978,413 | 31,668,413 | 31,572,267 | 96,146 |
| Total Public Safety | <u>56,633,818</u> | <u>57,323,818</u> | <u>57,130,548</u> | <u>193,270</u> |
| Highways and Streets: | | | | |
| Total Highways and Streets | <u>24,669,699</u> | <u>24,669,699</u> | <u>24,407,469</u> | <u>262,230</u> |
| Public Health: | | | | |
| Health | <u>11,503,524</u> | <u>11,750,524</u> | <u>10,662,930</u> | <u>1,087,594</u> |
| Culture and Recreation: | | | | |
| Parks and Recreation | 15,672,217 | 15,672,217 | 15,635,862 | 36,355 |
| Libraries | 7,077,846 | 7,077,846 | 6,611,144 | 466,702 |
| Siouxland Museum | 523,655 | 523,655 | 518,610 | 5,045 |
| Total Culture and Recreation | <u>23,273,718</u> | <u>23,273,718</u> | <u>22,765,616</u> | <u>508,102</u> |
| Urban and Economic Development: | | | | |
| Urban Management | 5,186,366 | 5,186,366 | 5,070,746 | 115,620 |
| Economic Development | 5,161,220 | 5,161,220 | 4,806,417 | 354,803 |
| Total Urban and Economic Development | <u>10,347,586</u> | <u>10,347,586</u> | <u>9,877,163</u> | <u>470,423</u> |
| Total Expenditures | <u>142,179,410</u> | <u>143,116,410</u> | <u>140,033,739</u> | <u>3,082,671</u> |
| Revenues Over (Under) Expenditures | <u>2,369,084</u> | <u>1,679,084</u> | <u>3,900,830</u> | <u>2,221,746</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Surplus Property | 36,000 | 36,000 | 54,524 | 18,524 |
| Damage Recovery | 30,000 | 30,000 | 73,851 | 43,851 |
| Transfers Out | (7,726,359) | (7,726,359) | (6,726,359) | 1,000,000 |
| Total Other Financing Sources (Uses) | <u>(7,660,359)</u> | <u>(7,660,359)</u> | <u>(6,597,984)</u> | <u>1,062,375</u> |
| Net Change in Fund Balances | <u>(5,291,275)</u> | <u>(5,981,275)</u> | <u>(2,697,154)</u> | <u>3,284,121</u> |
| Fund Balances, January 1 | <u>48,224,535</u> | <u>48,224,535</u> | <u>48,224,535</u> | <u>-</u> |
| Fund Balances, December 31 | <u>\$ 42,933,260</u> | <u>\$ 42,243,260</u> | <u>\$ 45,527,381</u> | <u>\$ 3,284,121</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Entertainment Tax Fund**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 6,571,324 | \$ 6,571,324 | \$ 7,027,300 | \$ 455,976 |
| Investment Revenue | - | - | 57,847 | 57,847 |
| Miscellaneous Revenue | - | - | 109,889 | 109,889 |
| Total Revenues | <u>6,571,324</u> | <u>6,571,324</u> | <u>7,195,036</u> | <u>513,823</u> |
| Expenditures | | | | |
| Culture and Recreation: | | | | |
| Entertainment Venues | <u>7,371,209</u> | <u>9,424,811</u> | <u>5,163,515</u> | <u>4,261,296</u> |
| Total Culture and Recreation | <u>7,371,209</u> | <u>9,424,811</u> | <u>5,163,515</u> | <u>4,261,296</u> |
| Total Expenditures | <u>7,371,209</u> | <u>9,424,811</u> | <u>5,163,515</u> | <u>4,261,296</u> |
| Revenues Over (Under) Expenditures | <u>(799,885)</u> | <u>(2,853,487)</u> | <u>2,031,521</u> | <u>4,775,119</u> |
| Other Financing Sources (Uses) | | | | |
| Damage Recovery | - | - | 276,290 | 276,290 |
| Sale of Surplus Property | - | - | 4,743 | 4,743 |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>281,033</u> | <u>281,033</u> |
| Net Change in Fund Balances | <u>(799,885)</u> | <u>(2,853,487)</u> | <u>2,312,554</u> | <u>5,056,152</u> |
| Fund Balances, January 1 | <u>4,190,713</u> | <u>4,190,713</u> | <u>4,190,713</u> | <u>-</u> |
| Fund Balances, December 31 | <u>\$ 3,390,828</u> | <u>\$ 1,337,226</u> | <u>\$ 6,503,267</u> | <u>\$ 5,056,152</u> |

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Sales and Use Tax Fund

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 58,613,019 | \$ 58,613,019 | \$ 58,087,425 | \$ (525,594) |
| Licenses and Permits | 90,000 | 90,000 | 92,593 | 2,593 |
| Intergovernmental | 32,000 | 1,802,000 | 699,097 | (1,102,903) |
| Special Assessments | 1,070,000 | 1,070,000 | 1,541,435 | 471,435 |
| Charges for Goods and Services | - | - | 236,738 | 236,738 |
| Investment Revenue | - | - | (88,177) | (88,177) |
| Contributions | 762,000 | 2,441,900 | 670,166 | (1,771,734) |
| Miscellaneous Revenue | - | - | 6,525 | 6,525 |
| Total Revenues | 60,567,019 | 64,016,919 | 61,245,802 | (2,771,117) |
| Expenditures | | | | |
| General Government: | | | | |
| City Council | - | 63,000 | - | 63,000 |
| Facilities Management | 723,125 | 873,507 | 829,346 | 44,161 |
| Sales and Use Tax | 17,175,000 | 17,175,000 | 17,082,731 | 92,269 |
| Technology | 496,450 | 960,767 | 148,221 | 812,546 |
| Multimedia Support | 89,600 | 143,051 | 114,543 | 28,508 |
| Total General Government | 18,484,175 | 19,215,325 | 18,174,841 | 1,040,484 |
| Public Safety: | | | | |
| Fire | 2,484,925 | 4,076,482 | 2,371,120 | 1,705,362 |
| Police | 831,620 | 1,445,807 | 1,226,146 | 219,661 |
| Total Public Safety | 3,316,545 | 5,522,289 | 3,597,266 | 1,925,023 |
| Highways and Streets: | | | | |
| Highways and Streets | 29,018,247 | 38,867,336 | 28,614,585 | 10,252,751 |
| Public Health: | | | | |
| Health | 269,600 | 269,600 | 108,924 | 160,676 |
| Culture and Recreation: | | | | |
| Entertainment Venues | - | 27,774 | - | 27,774 |
| Parks and Recreation | 7,968,913 | 32,753,069 | 14,926,666 | 17,826,403 |
| Library | 760,882 | 804,218 | 694,533 | 109,685 |
| Museum | 25,000 | 1,325,000 | 16,760 | 1,308,240 |
| Total Culture and Recreation | 8,754,795 | 34,910,061 | 15,637,959 | 19,272,102 |
| Urban and Economic Development: | | | | |
| Urban Management | 86,895 | 86,895 | 73,739 | 13,156 |
| Economic Development | 250,000 | 589,237 | 418,830 | 170,407 |
| Transit | - | 959,542 | 773,466 | 186,076 |
| Total Urban and Economic Development | 336,895 | 1,635,674 | 1,266,035 | 369,639 |
| Total Expenditures | 60,180,257 | 100,420,285 | 67,399,610 | 33,020,675 |
| Revenues Over (Under) Expenditures | 386,762 | (36,403,366) | (6,153,808) | 30,249,558 |
| Other Financing Sources (Uses) | | | | |
| Sale of Surplus Property | - | - | 31,413 | 31,413 |
| Damage Recovery | - | - | 14,042 | 14,042 |
| Transfers In | - | - | 373,312 | 373,312 |
| Transfers Out | (750,000) | (750,000) | (750,000) | - |
| Total Other Financing Sources (Uses) | (750,000) | (750,000) | (331,233) | 418,767 |
| Net Change in Fund Balances | (363,238) | (37,153,366) | (6,485,041) | 30,668,325 |
| Fund Balances, January 1 | 56,016,608 | 56,016,608 | 56,016,608 | - |
| Fund Balances, December 31 | \$ 55,653,370 | \$ 18,863,242 | \$ 49,531,567 | \$ 30,668,325 |

The notes to the financial statements are an integral part of this statement.

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Community Development Fund

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------------|------------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 1,142,000 | \$ 1,533,000 | \$ 755,914 | \$ (777,086) |
| Investment Revenue | 56,970 | 56,970 | 48,333 | (8,637) |
| Rentals/Operating Leases | 1,019,530 | 1,019,530 | 1,743,085 | 723,555 |
| Total Revenues | 2,218,500 | 2,609,500 | 2,547,332 | (62,168) |
| Expenditures | | | | |
| Urban and Economic Development: | | | | |
| Affordable Housing | 3,901,848 | 4,292,848 | 2,795,119 | 1,497,729 |
| Total Expenditures | 3,901,848 | 4,292,848 | 2,795,119 | 1,497,729 |
| Revenues Over (Under) Expenditures | (1,683,348) | (1,683,348) | (247,787) | 1,435,561 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 1,722,177 | 1,722,177 | 722,641 | (999,536) |
| Total Other Financing Sources (Uses) | 1,722,177 | 1,722,177 | 722,641 | (999,536) |
| Net Change in Fund Balances | 38,829 | 38,829 | 474,854 | 436,025 |
| Fund Balances, January 1 | 2,994,930 | 2,994,930 | 2,994,930 | - |
| Fund Balances, December 31 | \$ 3,033,759 | \$ 3,033,759 | \$ 3,469,784 | \$ 436,025 |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Storm Drainage Fund**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------------|----------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 6,118,356 | \$ 6,118,356 | \$ 6,464,256 | \$ 345,900 |
| Licenses and Permits | 100 | 100 | - | (100) |
| Investment Revenue | 45,000 | 45,000 | 35,325 | (9,675) |
| Special Assesments | 600,000 | 600,000 | 936,339 | 336,339 |
| Contributions | 1,000,000 | 1,000,000 | - | (1,000,000) |
| Total Revenues | <u>7,763,456</u> | <u>7,763,456</u> | <u>7,435,920</u> | <u>(327,536)</u> |
| Expenditures | | | | |
| Highways and Streets | 6,839,184 | 12,761,194 | 7,443,179 | 5,318,015 |
| Total Expenditures | <u>6,839,184</u> | <u>12,761,194</u> | <u>7,443,179</u> | <u>5,318,015</u> |
| Revenues Over (Under) Expenditures | <u>924,272</u> | <u>(4,997,738)</u> | <u>(7,259)</u> | <u>4,990,479</u> |
| Other Financing Sources (Uses) | | | | |
| Bond Proceeds | - | 1,357,808 | - | (1,357,808) |
| Total Other Funding Sources (Uses) | <u>-</u> | <u>1,357,808</u> | <u>-</u> | <u>(1,357,808)</u> |
| Net Change in Fund Balances | 924,272 | (3,639,930) | (7,259) | 3,632,671 |
| Fund Balances, January 1 | <u>9,486,303</u> | <u>9,486,303</u> | <u>9,486,303</u> | <u>-</u> |
| Fund Balances, December 31 | <u>\$ 10,410,575</u> | <u>\$ 5,846,373</u> | <u>\$ 9,479,044</u> | <u>\$ 3,632,671</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Railroad Relocation**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------------|--------------------|--------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ 35,912,191 | \$ 27,301,500 | \$ (8,610,691) |
| Total Revenues | - | 35,912,191 | 27,301,500 | (8,610,691) |
| Expenditures | | | | |
| Highways and Streets | - | 35,912,191 | - | 35,912,191 |
| Total Expenditures | - | 35,912,191 | - | 35,912,191 |
| Revenues Over (Under) Expenditures | - | - | 27,301,500 | 27,301,500 |
| Net Change in Fund Balances | - | - | 27,301,500 | 27,301,500 |
| Fund Balances, January 1 | (55,192) | (55,192) | (55,192) | - |
| Fund Balances, December 31 | <u>\$ (55,192)</u> | <u>\$ (55,192)</u> | <u>\$ 27,246,308</u> | <u>\$ 27,301,500</u> |

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City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015

Statement of Net Position - Proprietary Funds

| | Enterprise Funds | | |
|---|-------------------------|-----------------------|--------------------------|
| | Electric Light | Public Parking | Sanitary Landfill |
| Assets | | | |
| Current: | | | |
| Cash and Cash Equivalents | \$ 3,628,789 | \$ 4,249,476 | \$ 17,237,875 |
| Investments | - | - | - |
| Receivables, net: | | | |
| Accounts | 268,137 | 57,411 | 1,034,153 |
| Interest | 7,269 | 8,620 | 34,754 |
| Special Assessments | - | - | - |
| Unbilled | 361,349 | - | - |
| Prepaid Expense | - | - | - |
| Due From Other Funds | 14,697 | - | - |
| Inventories of Supplies and Stores | 413,574 | - | - |
| Total Current Assets | <u>4,693,815</u> | <u>4,315,507</u> | <u>18,306,782</u> |
| Noncurrent: | | | |
| Deposits | - | - | - |
| Net Pension Asset | 24,664 | - | 26,521 |
| Capital Assets: | | | |
| Land | 613,935 | 5,996,434 | 1,779,968 |
| Buildings | 503,583 | 447,900 | 5,599,101 |
| Improvements Other Than Buildings | 9,248 | 14,682,345 | 25,267,532 |
| Machinery and Equipment | 793,806 | 384,901 | 1,812,185 |
| Infrastructure | 34,240,985 | - | 4,598,917 |
| Intangibles | - | - | - |
| Construction in Progress | 254,089 | 229,005 | 549,357 |
| Less: Accumulated Depreciation | <u>(18,433,172)</u> | <u>(12,662,774)</u> | <u>(24,807,831)</u> |
| Total Noncurrent Assets | <u>18,007,138</u> | <u>9,077,811</u> | <u>14,825,750</u> |
| Total Assets | <u>22,700,953</u> | <u>13,393,318</u> | <u>33,132,532</u> |
| Deferred Outflow of Resources | | | |
| City Employee's Retirement System | 414,510 | 282,873 | 631,969 |
| South Dakota Retirement System | 44,662 | - | 48,025 |
| Total Deferred Outflow of Resources | <u>459,172</u> | <u>282,873</u> | <u>679,994</u> |
| Liabilities | | | |
| Current: | | | |
| Accounts Payable | 444,610 | 93,426 | 127,240 |
| Accrued Wages | 40,754 | 26,375 | 70,771 |
| Accrued Compensated Absences | 12,000 | 20,000 | 24,000 |
| Accrued Interest Payable | - | - | - |
| Incurred But Not Reported Claims | - | - | - |
| Due To Other Funds | - | - | 3,597 |
| Notes Payable-Revenue | - | - | - |
| Bonds Payable-Revenue | - | - | - |
| Deposits | 90,647 | 23,069 | 13,805 |
| Total Current Liabilities | <u>588,011</u> | <u>162,870</u> | <u>239,413</u> |
| Noncurrent: | | | |
| Accrued Compensated Absences | 141,461 | 73,737 | 244,516 |
| Rebatable Arbitrage | - | - | - |
| Net Pension Liability | 1,011,246 | 690,102 | 1,541,763 |
| Closure & Postclosure Care Costs | - | - | 5,637,159 |
| Notes Payable-Revenue | - | - | - |
| Bonds Payable-Revenue | - | - | - |
| Total Noncurrent Liabilities | <u>1,152,707</u> | <u>763,839</u> | <u>7,423,438</u> |
| Total Liabilities | <u>1,740,718</u> | <u>926,709</u> | <u>7,662,851</u> |
| Deferred Inflow of Resources | | | |
| City Employee's Retirement System | 2,348 | 1,602 | 3,580 |
| South Dakota Retirement System | 36,392 | - | 39,132 |
| Total Deferred Inflow of Resources | <u>38,740</u> | <u>1,602</u> | <u>42,712</u> |
| Net Position: | | | |
| Net Investment in Capital Assets | 17,982,474 | 9,077,811 | 14,799,229 |
| Restricted for Liability Insurance Pool | - | - | - |
| Restricted for Debt Service | - | - | - |
| Restricted for Pension | 19,567 | - | 21,040 |
| Unrestricted | 3,378,626 | 3,670,069 | 11,286,694 |
| Total Net Position | <u>\$ 21,380,667</u> | <u>\$ 12,747,880</u> | <u>\$ 26,106,963</u> |

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Net Position of business-type activities

The notes to the financial statements are an integral part of this statement.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015**

Statement of Net Position - Proprietary Funds (cont.)

| Enterprise Funds (cont.) | | | Internal |
|--------------------------|-----------------------|-----------------------|----------------------|
| Water | Water Reclamation | Total | Service Funds |
| \$ 29,272,579 | \$ 19,266,219 | \$ 73,654,938 | \$ 28,074,444 |
| 896 | - | 896 | - |
| 1,095,595 | 1,055,109 | 3,510,405 | 1,312 |
| 105,421 | 36,957 | 193,021 | 53,251 |
| 228,301 | - | 228,301 | - |
| 1,611,086 | 1,692,897 | 3,665,332 | - |
| - | - | - | 325,900 |
| - | - | 14,697 | - |
| 1,753,569 | 406,461 | 2,573,604 | 961,692 |
| <u>34,067,447</u> | <u>22,457,643</u> | <u>83,841,194</u> | <u>29,416,599</u> |
| - | - | - | 1,141,359 |
| 100,863 | 62,484 | 214,532 | 33,527 |
| 6,818,303 | 1,406,976 | 16,615,616 | - |
| 28,866,718 | 7,734,168 | 43,151,470 | 633,831 |
| 70,556 | 287,906 | 40,317,587 | 457,604 |
| 27,144,014 | 14,003,814 | 44,138,720 | 36,846,321 |
| 254,474,480 | 312,365,064 | 605,679,446 | - |
| 75,549,260 | - | 75,549,260 | - |
| 2,079,150 | 3,813,198 | 6,924,799 | 26,000 |
| <u>(109,178,373)</u> | <u>(142,346,858)</u> | <u>(307,429,008)</u> | <u>(23,015,263)</u> |
| <u>285,924,971</u> | <u>197,326,752</u> | <u>525,162,422</u> | <u>16,123,379</u> |
| <u>319,992,418</u> | <u>219,784,395</u> | <u>609,003,616</u> | <u>45,539,978</u> |
| 1,581,441 | 1,457,312 | 4,368,105 | 656,704 |
| 182,648 | 113,150 | 388,485 | 60,714 |
| <u>1,764,089</u> | <u>1,570,462</u> | <u>4,756,590</u> | <u>717,418</u> |
| 523,185 | 435,005 | 1,623,466 | 164,455 |
| 159,781 | 137,710 | 435,391 | 81,662 |
| 65,000 | 55,000 | 176,000 | 28,500 |
| 436,182 | 290,659 | 726,841 | - |
| - | - | - | 2,500,000 |
| - | - | 3,597 | - |
| 3,655,509 | 9,304,343 | 12,959,852 | - |
| 1,960,000 | - | 1,960,000 | - |
| 488,357 | - | 615,878 | - |
| <u>7,288,014</u> | <u>10,222,717</u> | <u>18,501,025</u> | <u>2,774,617</u> |
| 756,356 | 567,919 | 1,783,989 | 190,720 |
| 48,171 | - | 48,171 | - |
| 3,858,111 | 3,555,285 | 10,656,507 | 1,602,109 |
| - | - | 5,637,159 | - |
| 11,259,051 | 64,245,674 | 75,504,725 | - |
| 62,585,000 | - | 62,585,000 | - |
| <u>78,506,689</u> | <u>68,368,878</u> | <u>156,215,551</u> | <u>1,792,829</u> |
| <u>85,794,703</u> | <u>78,591,595</u> | <u>174,716,576</u> | <u>4,567,446</u> |
| 8,959 | 8,256 | 24,745 | 3,720 |
| 148,825 | 92,197 | 316,546 | 49,471 |
| <u>157,784</u> | <u>100,453</u> | <u>341,291</u> | <u>53,191</u> |
| 208,324,548 | 123,714,251 | 373,898,313 | 14,948,493 |
| - | - | - | 1,141,359 |
| 7,250,330 | - | 7,250,330 | - |
| 80,019 | 49,572 | 170,198 | 26,599 |
| 20,149,123 | 18,898,986 | 57,383,498 | 25,520,308 |
| <u>\$ 235,804,020</u> | <u>\$ 142,662,809</u> | <u>438,702,339</u> | <u>\$ 41,636,759</u> |
| | | 3,456,851 | |
| | | <u>\$ 442,159,190</u> | |

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015**

**Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds**

| | Enterprise Funds | | |
|---|----------------------|----------------------|----------------------|
| | Electric Light | Public Parking | Sanitary Landfill |
| Operating Revenues: | | | |
| Charges for Goods and Services | \$ 8,525,934 | \$ 1,760,293 | \$ 10,707,584 |
| Fines and Forfeitures | 300 | 518,863 | 140 |
| Pledged as Security for Revenue Bonds and Notes: | | | |
| Charges for Goods and Services | - | - | - |
| Fines and Forfeitures | - | - | - |
| Total Operating Revenues | 8,526,234 | 2,279,156 | 10,707,724 |
| Operating Expenses: | | | |
| Personnel Services | 1,422,553 | 951,007 | 2,122,035 |
| Casualty Loss | - | - | - |
| Insurance | 11,556 | 23,161 | 17,598 |
| Professional Services | 52,755 | 184,503 | 1,186,551 |
| Rent | 155,690 | 18,479 | 1,702,235 |
| Repairs and Maintenance | 473,483 | 443,482 | 653,371 |
| Supplies and Materials | 20,883 | 117,446 | 696,582 |
| Utilities and Bulk Energy | 5,216,882 | 102,476 | 289,409 |
| Depreciation | 1,443,016 | 511,917 | 2,189,773 |
| Other Current Expenses | 15,312 | 40,701 | 29,098 |
| Total Operating Expenses | 8,812,130 | 2,393,172 | 8,886,652 |
| Operating Income (Loss) | (285,896) | (114,016) | 1,821,072 |
| Nonoperating Revenues (Expenses): | | | |
| Investment Revenue | 21,687 | 17,991 | 93,588 |
| Gain (Loss) on Capital Assets | (3,484) | - | - |
| Rent/Operating Leases | 1,058 | - | 23,423 |
| Cost Recovery & Special Assessments | - | - | - |
| Miscellaneous | (26,444) | 4,927 | 165,049 |
| Federal and State Grants | - | - | - |
| Interest Expense and Fiscal Agent Charges | - | - | (17,720) |
| Total Nonoperating Revenues (Expenses) | (7,183) | 22,918 | 264,340 |
| Income (Loss) Before Contributions and Transfers | (293,079) | (91,098) | 2,085,412 |
| Capital Contributions | 720,125 | - | - |
| Transfers In | - | - | - |
| Transfers Out | - | - | - |
| Change in Net Position | 427,046 | (91,098) | 2,085,412 |
| Net Position - Beginning | 21,485,052 | 13,217,253 | 24,842,059 |
| Restatement (Note 9) | (531,431) | (378,275) | (820,508) |
| Net Position - Beginning, as Restated | 20,953,621 | 12,838,978 | 24,021,551 |
| Net Position - Ending | \$ 21,380,667 | \$ 12,747,880 | \$ 26,106,963 |

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in Net Position of Business-type Activities

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

Statement of Revenues, Expenses, and Changes
 in Net Position - Proprietary Funds (cont)

| Enterprise Funds | | | Internal Service Funds |
|-----------------------|-----------------------|----------------------|------------------------|
| Water | Water Reclamation | Total | |
| \$ - | \$ - | \$ 20,993,811 | \$ 29,064,254 |
| - | - | 519,303 | - |
| 32,605,508 | 25,474,334 | 58,079,842 | - |
| 4,794 | - | 4,794 | - |
| <u>32,610,302</u> | <u>25,474,334</u> | <u>79,597,750</u> | <u>29,064,254</u> |
| 5,774,886 | 5,032,133 | 15,302,614 | 2,288,645 |
| - | - | - | 19,017,569 |
| 108,768 | 139,410 | 300,493 | 2,180,441 |
| 860,489 | 618,417 | 2,902,715 | 1,095,518 |
| 458,084 | 549,216 | 2,883,704 | 113,261 |
| 1,567,015 | 1,082,314 | 4,219,665 | (6,272) |
| 6,307,518 | 851,783 | 7,994,212 | 2,215,042 |
| 882,447 | 1,174,115 | 7,665,329 | 30,073 |
| 7,346,174 | 11,177,567 | 22,668,447 | 2,745,257 |
| 39,311 | 30,457 | 154,879 | 219,104 |
| <u>23,344,692</u> | <u>20,655,412</u> | <u>64,092,058</u> | <u>29,898,638</u> |
| <u>9,265,610</u> | <u>4,818,922</u> | <u>15,505,692</u> | <u>(834,384)</u> |
| 449,203 | 119,669 | 702,138 | 106,825 |
| (75,037) | - | (78,521) | (462,484) |
| 316,188 | 2,988 | 343,657 | - |
| 655,186 | 1,773,161 | 2,428,347 | - |
| 9,998 | (502,611) | (349,081) | 1,968,094 |
| 69,765 | - | 69,765 | - |
| <u>(3,361,611)</u> | <u>(1,512,664)</u> | <u>(4,891,995)</u> | <u>-</u> |
| <u>(1,936,308)</u> | <u>(119,457)</u> | <u>(1,775,690)</u> | <u>1,612,435</u> |
| 7,329,302 | 4,699,465 | 13,730,002 | 778,051 |
| 5,337,431 | 2,925,557 | 8,983,113 | 32,000 |
| - | - | - | 803,800 |
| - | (373,312) | (373,312) | - |
| <u>12,666,733</u> | <u>7,251,710</u> | <u>22,339,803</u> | <u>1,613,851</u> |
| 225,158,527 | 137,301,947 | | 40,869,995 |
| (2,021,240) | (1,890,848) | | (847,087) |
| <u>223,137,287</u> | <u>135,411,099</u> | | <u>40,022,908</u> |
| <u>\$ 235,804,020</u> | <u>\$ 142,662,809</u> | | <u>\$ 41,636,759</u> |
| | | <u>155,984</u> | |
| | | <u>\$ 22,495,787</u> | |

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015**

Statement of Cash Flows - Proprietary Funds

| | Enterprise Funds | |
|--|-------------------------|-----------------------|
| | Electric Light | Public Parking |
| Cash Flows Provided by Operating Activities: | | |
| Receipts from Customers | \$ 6,739,062 | \$ 1,676,084 |
| Cash Receipts from Interfund Services Provided | 1,618,461 | 104,105 |
| Payments to Suppliers | (6,043,992) | (802,802) |
| Payment for Interfund Services Used | (3,191) | (49,863) |
| Payments to Employees | (1,340,591) | (878,714) |
| Claims Paid | - | - |
| Other Receipts | (23,012) | 540,507 |
| Net Cash Provided by Operating Activities | <u>946,737</u> | <u>589,317</u> |
| Cash Flows Provided (Used) By Noncapital Financing Activities: | | |
| Subsidy from Federal Grants | - | - |
| Transfers In | - | - |
| Transfers Out | - | - |
| Net Cash Flows Provided (Used) By Noncapital Financing Activities | <u>-</u> | <u>-</u> |
| Cash Flows Provided (Used) By Capital and Related Financing Activities: | | |
| Sale of Capital Assets | - | - |
| Purchase of Capital Assets | (466,854) | (490,028) |
| Interest Payments | - | - |
| Proceeds from Revenue Notes | - | - |
| Principal Payments-Revenue Notes | - | - |
| -Revenue Bonds | - | - |
| Net Cash Flows (Used) By Capital and Related Financing Activities | <u>(466,854)</u> | <u>(490,028)</u> |
| Cash Flows Provided (Used) By Investing Activities: | | |
| Sale and Maturity of Investments | - | - |
| Rent Received | 1,058 | - |
| Investment Revenue Received | 19,811 | 16,399 |
| Net Cash Flows Provided By Investing Activities | <u>20,869</u> | <u>16,399</u> |
| Net Increase (Decrease) in Cash & Cash Equivalents During the Year | 500,752 | 115,688 |
| Cash and Cash Equivalents, January 1 | <u>3,128,037</u> | <u>4,133,788</u> |
| Cash and Cash Equivalents, December 31 | <u>\$ 3,628,789</u> | <u>\$ 4,249,476</u> |
| Reconciliation Of Operating Income (Loss) To Net Cash Provided By Operating Activities: | | |
| Operating Income (Loss) | \$ (285,896) | \$ (114,016) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Depreciation | 1,443,016 | 511,917 |
| Pension Expense | 34,719 | 30,556 |
| (Increase) Decrease in-Receivables | (153,714) | 19,896 |
| -Inventory | (98,507) | - |
| -Due From Other Funds | (14,697) | - |
| -Due From Other Governments | - | - |
| Increase (Decrease) in-Accounts Payable | (2,115) | 77,583 |
| -Accrued Wages | 6,607 | 2,109 |
| -Compensated Absences | 40,636 | 39,628 |
| -Incurred But Not Reported Claims | - | - |
| -Deposits | 3,132 | (1,583) |
| -Due To Other Funds | - | - |
| Other Revenue Sources (Uses) | (26,444) | 23,227 |
| Net Cash Provided By Operating Activities | <u>\$ 946,737</u> | <u>\$ 589,317</u> |
| Noncash Investing, Capital and Financing Activities: | | |
| Capital Contributions | \$ 720,125 | \$ - |
| Change in Fair Value of Investments | - | - |
| Capital Transfers | - | - |

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015**

Statement of Cash Flows - Proprietary Funds (cont)

| Enterprise Funds (cont) | | | | Internal |
|-------------------------|----------------------|----------------------|----------------------|----------------------|
| Sanitary Landfill | Water | Water Reclamation | Total | Service Funds |
| \$ 10,786,171 | \$ 32,384,897 | \$ 25,223,288 | \$ 76,809,502 | \$ 4,830,158 |
| 12,476 | 480,376 | 69,564 | 2,284,982 | 24,269,771 |
| (4,522,379) | (9,307,784) | (4,075,349) | (24,752,306) | (6,234,895) |
| (11,965) | (557,323) | (157,631) | (779,973) | 12,844 |
| (2,042,775) | (5,556,250) | (4,757,715) | (14,576,045) | (2,238,563) |
| - | - | - | - | (18,267,569) |
| 168,786 | 746,460 | 1,270,550 | 2,703,291 | 1,968,094 |
| <u>4,390,314</u> | <u>18,190,376</u> | <u>17,572,707</u> | <u>41,689,451</u> | <u>4,339,840</u> |
| - | 69,765 | - | 69,765 | - |
| - | - | - | - | 803,800 |
| - | - | (373,312) | (373,312) | - |
| - | 69,765 | (373,312) | (303,547) | 803,800 |
| - | - | - | - | 112,887 |
| (707,598) | (10,039,563) | (6,592,049) | (18,296,092) | (3,699,916) |
| (22,963) | (3,390,385) | (1,540,918) | (4,954,266) | - |
| - | - | 1,961,224 | 1,961,224 | - |
| (1,109,906) | (3,890,932) | (9,202,746) | (14,203,584) | - |
| - | (1,885,000) | - | (1,885,000) | - |
| <u>(1,840,467)</u> | <u>(19,205,880)</u> | <u>(15,374,489)</u> | <u>(37,377,718)</u> | <u>(3,587,029)</u> |
| - | 3,244 | - | 3,244 | - |
| 23,423 | 316,188 | 2,988 | 343,657 | - |
| 81,764 | 425,257 | 112,745 | 655,976 | 101,548 |
| <u>105,187</u> | <u>744,689</u> | <u>115,733</u> | <u>1,002,877</u> | <u>101,548</u> |
| 2,655,034 | (201,050) | 1,940,639 | 5,011,063 | 1,658,159 |
| 14,582,841 | 29,473,629 | 17,325,580 | 68,643,875 | 26,345,346 |
| <u>\$ 17,237,875</u> | <u>\$ 29,272,579</u> | <u>\$ 19,266,219</u> | <u>\$ 73,654,938</u> | <u>\$ 28,003,505</u> |
| \$ 1,821,072 | \$ 9,265,610 | \$ 4,818,922 | \$ 15,505,692 | \$ (834,384) |
| 2,189,773 | 7,346,174 | 11,177,567 | 22,668,447 | 2,745,257 |
| 57,452 | 129,703 | 131,944 | 384,374 | (13,671) |
| 91,063 | (53,018) | (181,482) | (277,255) | 826 |
| - | 336,335 | 41,181 | 279,009 | (285,048) |
| - | - | - | (14,697) | - |
| 40,500 | 334,973 | 171,551 | 622,492 | 34,849 |
| 21,674 | 11,633 | 17,762 | 59,785 | (89,836) |
| 134 | 77,300 | 124,712 | 282,410 | 19,441 |
| - | - | - | - | 44,312 |
| - | 78,710 | - | 80,259 | 750,000 |
| 3,597 | (2,227) | - | 1,370 | - |
| 165,049 | 665,183 | 1,270,550 | 2,097,565 | 1,968,094 |
| <u>\$ 4,390,314</u> | <u>\$ 18,190,376</u> | <u>\$ 17,572,707</u> | <u>\$ 41,689,451</u> | <u>\$ 4,339,840</u> |
| \$ - | \$ 5,337,431 | \$ 2,925,557 | | \$ 32,000 |
| - | (72) | - | | - |
| - | - | - | | - |

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015**

Statement of Fiduciary Net Position - Fiduciary Funds

| | Pension and Health Care Trust Funds |
|---|--|
| Assets | |
| Cash and Cash Equivalents | \$ 6,826,118 |
| Receivables: | |
| Interest | 865,150 |
| Total Receivables | <u>865,150</u> |
| Investments at Fair Value: | |
| US Government | 17,730,480 |
| Corporate Obligations | 59,334,177 |
| Foreign Obligations | 10,876,640 |
| State and Local Obligations | 1,515,538 |
| Domestic Stocks | 136,174,421 |
| Foreign Stocks | 11,955,458 |
| Index Funds: | |
| Equity | 87,342,956 |
| Government / Corporate Bonds | 36,304,781 |
| Mutual Funds: | |
| Foreign Equity | 92,601,196 |
| Domestic Equity | 24,494,906 |
| Real Estate | 34,875,998 |
| Total Investments | <u>513,206,551</u> |
| Total Assets | <u>520,897,819</u> |
| Liabilities | |
| Total Liabilities | <u>6,709</u> |
| Net Position | |
| Restricted for Pension Benefits | 489,426,878 |
| Redistricted for Post Employment Health Care Benefits | <u>31,464,232</u> |
| Total Net Position | <u>\$ 520,891,110</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

| | <u>Pension and Health Care Trust Funds</u> |
|---|--|
| Additions | |
| Contributions | |
| Employer | \$ 15,842,529 |
| Plan Members | 4,481,676 |
| Total Contributions | <u>20,324,205</u> |
| Investment Income | 509,131 |
| Less Investment Expense | 1,681,975 |
| Net Investment Income | <u>(1,172,844)</u> |
| Total Additions | <u>19,151,361</u> |
| Deductions | |
| Benefit Payments | |
| Pension | 25,054,767 |
| Health Premiums | 902,247 |
| Total Benefit Payments | <u>25,957,014</u> |
| Refunds | 299,978 |
| Administrative Expense | <u>310,737</u> |
| Total Deductions | <u>26,567,729</u> |
| Net Increase | (7,416,368) |
| Restricted Net Position, January 1 | <u>528,307,478</u> |
| Restricted Net Position, December 31 | <u><u>\$ 520,891,110</u></u> |

Notes to Financial Statements

Note 1—Summary of Significant Accounting Policies

A. BASIS OF PRESENTATION

The financial statements of the City have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting.

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The first statement issued but not yet implemented that will significantly affect the City is statement No. 72, *Fair Value Measurement and Application*. This statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This statement will be implemented at the City in the year ended December 31, 2016.

The second statement issued but not yet implemented that will significantly affect the City is statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. This statement will be implemented at the City in the year ended December 31, 2016.

The third statement issued but not yet implemented that will significantly affect the City is statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. This statement will be implemented at the City in the year ended December 31, 2017.

The fourth statement issued but not yet implemented that will significantly affect the City is statement No. 75,

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. This statement will be implemented at the City in the year ended December 31, 2018.

The fifth statement issued but not yet implemented that will significantly affect the City is statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. This statement will be implemented at the City in the year ended December 31, 2016.

The sixth statement issued but not yet implemented that will significantly affect the City is statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This statement will be implemented at the City in the year ended December 31, 2016.

The seventh statement issued but not yet implemented that will significantly affect the City is statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. This statement will be

Notes to Financial Statements

implemented at the City in the year ended December 31, 2016.

The final statement issued but not yet implemented that will significantly affect the City is statement No. 80, *Blending Requirements for Certain Component Units—an Amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement enhance the comparability of financial statements among governments. This statement will be implemented at the City in the year ended December 31, 2017.

Management has not yet determined the effect these pronouncements will have on the City's financial statements.

B. REPORTING ENTITY

The City of Sioux Falls is a municipality chartered under the constitution of the State of South Dakota and is governed by a Council, including a full-time Mayor who is vested with the executive and administrative powers of the City, as well as eight part-time Council members who serve in a policy-making and legislative capacity.

The accompanying financial statements present the City and its component units. Blended component units are entities which are legally separate from the City but which are so intertwined with the City that they are, in substance, the same as the City. Discretely presented component units are entities for which the City is considered to be financially accountable, has the ability to impose its will, or for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

As of January 1, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 9 and the additional disclosures required by these standards are included in Note 10.

Blended Component Units

The Sioux Falls Building Authority was organized by the City of Sioux Falls in 1986 for the purpose of financing, owning, and leasing property to meet the needs of the City. The Authority is governed by a board comprised of the members of the City's governing council. The Authority is reported as part of the Water enterprise fund and therefore does not issue separate financial statements.

The Sioux Falls Regional Emergency Medical Services Authority was created by the City of Sioux Falls in 1996 to provide oversight and set/review quality of service provided by all EMS responders within Sioux Falls. The Authority is governed by a five member board appointed by the Mayor and comprised of community members. The Authority board functions as an advisory board related to the area of ambulance service in the community. Health Department employees provide support to the Authority board, which operates as an advisory board to the City Council. The Authority has no revenue, expenses, assets, or liabilities of its own; therefore, no financial data is presented for the Authority within this report.

Discretely Presented Component Units

Metro Communications Agency, The City of Sioux Falls and Minnehaha County have entered into a joint cooperative agreement for emergency dispatch through the Metro Communications Agency. The Metro Communications Agency is an administrative agency with its own standing, separate and apart from the governmental organizations of either the City or the County.

The agency is governed by a five member Council which includes the Mayor, two members of the City Council, appointed by the Mayor, and two County Commissioners. The agency is responsible for county-wide public safety dispatch, maintenance of centralized dispatch records, and the maintenance and purchasing of related communication equipment. In 2015, the City provided \$910,123 to the agency to provide funding for operations and equipment. The Metro Communications Agency financial results presented within this report are for fiscal year-end as of December 31, 2015. Complete financial statements are available at the administrative offices located at 500 North Dakota Avenue in Sioux Falls, South Dakota.

The Housing and Redevelopment Commission of the City of Sioux Falls, South Dakota (Housing Commission), was organized pursuant to the Municipal Housing and Redevelopment Act of South Dakota as a public housing agency formed to provide financial assistance for low-income public housing pursuant to the United States Housing Act of 1937 (42 United States Code Section 1401 et seq.). The Mayor appoints the five members of the governing board. However, the City has no further accountability for the Housing Commission. In 2015, the Community Development Special Revenue Fund provided \$241,062 of federal grant proceeds to the Housing Commission for housing assistance. The Housing Commission's fiscal year end presented in this report is September 30, 2015. Complete financial statements are

Notes to Financial Statements

available at the administrative offices located at 630 South Minnesota Avenue in Sioux Falls, South Dakota.

C. BASIC FINANCIAL STATEMENTS

The basic financial statements are prepared and presented on both the government-wide and fund financial level. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities or changes in net position, report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund and internal service fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and governmental and internal service funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

Budgetary Reporting

The Budgetary Comparison Schedules present comparisons of the original and legally amended budget with actual amounts on a departmental level for the General Fund, Entertainment Tax Fund, Sales and Use Tax Fund, Community Development Fund, Railroad Relocation, and the Storm Drainage Fund. In addition to the required General Fund presentation, the five special revenue funds presented have a legally adopted annual budget and are reported as major funds in the financial statements.

Each budget is adopted on a basis consistent with generally accepted accounting principles except for bad debt expense, compensated absences, and the reporting of capital outlay and debt service expenditures. The City budgets for compensated absences only to the extent they are expected to be paid rather than on the modified accrual method. The City budgets for debt service and capital outlay within the individual functions whereas they are reported separately within the financial statements.

The City may apply a portion of the prior years' fund balance, reported as net change in fund balance in the budget column, to the current year's budget as an offset to revenue. The original budget is the budget as originally adopted by the City Council. The final budget is the original budget adjusted by capital encumbrances and carry-forwards, allocation transfers within organizational units, and supplemental appropriations.

Summary of Significant Budget Policies

City Charter requires the Mayor to submit a budget to the City Council on or before the first day of August of each year. Upon publication and public hearing, the City Council must annually adopt the budget on or before the 30th day of September. If the City Council fails to adopt the budget by this date, the budget proposed by the Mayor shall go into effect.

The budget is adopted and appropriated by fund on a service function (i.e. general government, public safety, etc.) and departmental basis for all governmental funds, the legal level of control. Proprietary (enterprise and internal service), trust, and agency funds are not appropriated unless they are supported or subsidized by revenue derived from the annual appropriated tax levy. Although non-appropriated, an annual budget for these funds must be published no later than the last day of December.

For each fund, the total of proposed expenditures shall not exceed the total of estimated income plus the fund balance carried forward, exclusive of reserves. If, during the year, the Mayor certifies that there are available for appropriation revenues in excess of those estimated in the budget, the City Council may, by ordinance, approve supplemental appropriations for the year up to the amount of the excess.

Unanticipated grants and City Council approved supplemental appropriations were \$14,619,840 during 2015. Of the supplemental appropriations \$7,734,500 was for additional infrastructure projects, e.g. water, streets and levee maintenance. Another \$3,300,000 was supplemented

Notes to Financial Statements

for the construction of an Indoor Aquatics Center. The majority of the remaining differential was due to either unanticipated grants, donations or outside contributions for specific projects.

Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended. Capital appropriations continue in force until expended, revised, or repealed; the purpose of any such appropriation is deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.

Budget Compliance

There were no material violations of the annual appropriated budget for the fiscal year ending December 31, 2015.

D. FINANCIAL STATEMENT PRESENTATION

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City electively added the Entertainment Tax Fund and the Storm Drainage Fund as they both have significant outstanding debt. The non-major funds are combined in a column in the fund financial statements and are detailed in the combining statements section.

The government reports the following **major governmental funds**:

The **General Fund** is the government's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue sources include property taxes and the first cent of City sales tax, licenses and permits, state and county shared revenues, and charges for goods and services. In addition to general government, primary expenditures include public safety, highways and streets, health, library, and parks and recreation.

The **Entertainment Tax Fund** accounts for the collection of a 1 percent tax on lodging, sales of alcoholic beverages, prepared meals, as well as ticket sales and admissions. This tax is used to provide operating and capital funds for the City's convention and entertainment facilities.

The **Sales and Use Tax Fund** accounts for capital improvement projects (and other related costs) and debt service funded primarily by the second cent of City sales tax.

The **Community Development Fund** accounts for all activities financed by the Community Development Block Grant funds and similar Federal grant and loan programs.

The **Storm Drainage Fund** accounts for the activities financed by drainage and storm sewer fees as well as expenditures of state revolving loans used to make capital improvements (and other related costs) to the storm drainage system.

The **Railroad Relocation Fund** accounts for the activities of the federally financed railroad relocation project.

Other governmental (non-major) funds are a compilation of all of the non-major governmental funds. These include additional special revenue, debt, capital projects, and permanent funds.

The government reports the following **major proprietary funds**:

The **Electric Light Fund** accounts for the activities of the government's electric distribution operations.

The **Public Parking Facilities Fund** accounts for the activities of the government's parking system which provides on- and off-street parking in the downtown area.

The **Sanitary Landfill Fund** accounts for the activities of the government's landfill operations.

The **Water Fund** accounts for the activities of the government's water distribution system.

The **Water Reclamation Fund** accounts for the activities of the government's wastewater collection and treatment system.

Additionally, the government reports the following fund types:

The **internal service funds** account for health, workers' compensation, liability insurance, technology equipment/software and fleet management services provided to other departments of the government, or to other governments, on a cost reimbursement basis.

The **pension trust funds** account for the activities of the City Employees' Retirement System and the City Firefighters' Pension Fund, which accumulates resources for pension and health benefit payments to qualified City employees. These funds were closed to new entrants as of January 1, 2014.

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded, regardless of the measurement focus.

Notes to Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. This focus concentrates on the fund's net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This focus concentrates on the fund's resources available for spending currently or in the near future. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for certain debt service, compensated absences and claim and judgment expenditures.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Special assessments are susceptible to accrual as revenue of the current period when the lien attaches to the benefited properties. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use

restricted resources first, then, unrestricted resources as they are needed.

F. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

Cash and Cash Equivalents—

Cash and cash equivalents include investments within the City's internal cash management pool which provides ready access to cash liquidity as well as any additional cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash and cash equivalents are identified only for the purpose of the Statement of Cash Flows.

A pooled cash account is maintained for all City funds except for Community Development. Those funds that have an average negative balance in the cash account are charged interest at the rate earned by the pool. Interest earnings are allocated to those funds that have an average positive balance in the cash account.

Investments—

Investments are reported at fair value based on the last reported sales price at current exchange rates.

Receivables and Payables—

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., current interfund loans) or "advances to/from other funds" (i.e., non-current interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by "nonspendable" fund balance in the applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All receivables are shown net of an allowance for uncollectible accounts. This allowance is equal to estimated losses that may be incurred in collection of outstanding receivables.

Inventories and Prepaid Items—

Inventories for both governmental and business-type funds are stated using the weighted average method. The cost of inventory is recognized as an expense in both the fund and the government-wide financial statements when used (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Notes to Financial Statements

Deferred Outflows of Resources—

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate element, deferred outflows of resources, represents a consumption of net position by the government that is applicable to a future reporting period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

Deferred Inflows of Resources—

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has unavailable revenue from a variety of sources in the governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets—

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, water and sewer lines, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$7,500, and estimated useful life in excess of one year. Additions or improvements that significantly add value to an asset such as extending the useful life of an asset or increasing its capacity or efficiency are capitalized. Other costs for repairs and maintenance are expensed as incurred. The cost of equipment in excess of \$5,000 is inventoried for purposes of federal grant reporting.

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City chose to include all general infrastructure assets (those reported in the governmental activities), regardless of acquisition date or amount, using backtrending analysis to estimate historical costs.

Capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Primary Government:

| | |
|------------------------------------|---------------|
| Buildings: | |
| Structures | 40 years |
| Remodeling and renovation | 15 years |
| Improvements other than buildings: | |
| Park improvements | 10 - 30 years |
| Other | 5 - 25 years |
| Machinery and equipment: | |
| Furniture and fixtures | 10 - 20 years |

| | |
|--------------------------|---------------|
| Office equipment | 5 - 10 years |
| Computer equipment | 2 - 5 years |
| Library books | 10 years |
| Vehicles | 4 - 10 years |
| Heavy equipment | 10 - 20 years |
| Utility system equipment | 20 - 40 years |
| Other | 5 - 20 years |

Infrastructure:

| | |
|----------------------------------|---------------|
| Streets | 15 - 40 years |
| Traffic signals | 15 years |
| Street and parking area lighting | 15 years |
| Light distribution lines | 40 years |
| Water distribution mains | 50 years |
| Water reclamation lines | 25 years |
| Storm drainage pipe | 25 years |
| Other | 20 - 50 years |

Component Units:

Housing Commission:

| | |
|----------------------------|---------------|
| Buildings | 25 - 40 years |
| Modernization improvements | 15 years |
| Equipment | 5 years |
| Furnishings | 5 years |

Metro Communications Agency:

| | |
|-----------|---------------|
| Equipment | 10 - 50 years |
|-----------|---------------|

Net Position/Fund Balance

The difference between assets and liabilities is "Net Position" on the government-wide, proprietary and fiduciary fund financial statements and "Fund Balance" on the governmental fund financial statements.

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund balances are classified based on the spending constraints placed upon them. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the city itself, using its highest

Notes to Financial Statements

level of decision-making authority (i.e. City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same, or higher, level action to remove or change the constraint.

- Assigned fund balance—amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund Balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. An ordinance is the highest level of authority and requires another ordinance to modify or rescind.

Assigned fund balance is established by the City Council through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, project construction, debt service, or other purposes). The director responsible for each fund also has the authority to assign fund balances for specific purposes.

The City's first priority is to utilize the restricted fund balance. Committed funds will be considered second with assigned fund balance third when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications are eligible to be used.

In the General Fund, the City strives to maintain an unobligated fund balance to be used for cash flow and unanticipated expenditures of 25 percent of the current year's final expenditure budget.

Long-term Obligations—

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

G. REVENUES AND EXPENDITURES/EXPENSES

Compensated Absences—

It is the City's policy to permit employees to accumulate earned but unused vacation, comp time, and sick pay benefits. The accumulation of unused vacation and comp

time is limited based upon employee classification. Upon separation, the City will reimburse the employee for accumulated vacation and comp time not to exceed established maximums. The amount of unused sick leave accumulation is not limited. Upon retirement, or upon separation in good standing for employees not represented by a bargaining unit, the City reimburses eligible employees a portion of unused sick leave. All compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Vacation, comp time, and sick leave accruals are recognized as a long-term liability which will generally be liquidated from the General Fund. Thus, the governmental fund financial statements accrue vacation and comp time benefits only to the extent that they have matured due to retirement or separation from the City.

Grant Revenue—

The City recognizes grant revenues when all applicable eligibility requirements, including time requirements, are met. The City follows the policy that if expenditures of funds are the prime factor for determining eligibility for the grant funds, revenue is recognized at the time of the expenditure.

Retirement and Other Post-Employment Benefits—

The City has two separate retirement plans covering seventy-five percent of all full-time and regular part-time employees. It is the City's policy to fund the normal costs and amortization of the unfunded prior service costs and to account for such costs on the accrual basis (See Note 10).

Self-Insurance—

The City is self-insured for workers' compensation, unemployment compensation, property casualty losses (deductible portion only), and health-life benefits (up to \$250,000 per individual). Liabilities are recorded when a determinable claim or loss has been incurred and the amount of the loss can reasonably be estimated.

H. ACCOUNTING ESTIMATES

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements

I. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. Investments are reported at fair value.

Note 2—Stewardship, Compliance, and Accountability

A. Compliance with Finance-Related Legal and Contractual Provisions

The City incurred no material violations of finance-related legal and contractual provisions.

B. Excess of Expenditures Over Appropriations at the Legal Level of Control

The City incurred no material excess of expenditures over appropriations at the legal level of control.

C. Net Position/Fund Balance Deficits

The City had one fund with negative unassigned fund balance at year end. The Railroad Relocation Fund has a negative balance of \$2,379 as the project is federally funded on a reimbursement basis. Monies have also been appropriated from the Sales & Use Tax Fund to cover expenditures that may not be reimbursed with federal funding.

Note 3—Detailed Notes On All Funds

A. Deposits and Investments

The City maintains a pooled cash portfolio that is used by substantially all City funds using the pooled deposit and investment concept. This concept provides the City with the ability to maximize earnings on idle fund monies while ensuring that the liquidity needs of each fund are met and the integrity of the cash balances of each fund are preserved. This pool is governed by an investment policy established by the City Council. The pool consists of checking accounts, savings accounts, certificates of deposit, and securities guaranteed either directly or indirectly by the United States Government, including money market accounts, which are stated at market value. Fund equity in the pool is shown as cash and cash equivalents in all financial statements.

Governmental and Business-Type Funds

Investment Policy: The City has an adopted investment policy, conforming to all applicable laws of the State of South Dakota, which serves as the guide to the deposit and investment of operating funds which are managed within the City's pooled cash portfolio. This policy sets forth the City's investment objectives as well as authorized and suitable deposits and investments, and serves as a guide for proper diversification, maturity constraints, internal controls, and performance measurement. The foremost objective of the City's investment program as set forth by the investment

policy is safety of principal. Investment decisions are made under the assumption that, except under limited circumstances, all investments within the pooled cash portfolio will be held to maturity.

There are certain deposits and investments that are held in trust for debt service or for specific purposes outside of the pooled cash portfolio and the adopted investment policy. These assets are governed by state law (SDCL 4-5-6) which sets forth eligible deposits and investments for the City. The same deposits and investments are allowed under both the City's investment policy and state law.

Allowable deposits and investments include:

- a. Securities issued by the United States Treasury
- b. Securities issued by government-sponsored enterprises (GSE's) or federally related institutions that are guaranteed directly or indirectly by the U.S. government (U.S. Agencies).
- c. Mutual and money market funds that invest in (a) or (b)
- d. Repurchase agreements fully collateralized by (a) or (b)
- e. Certificates of Deposits (100% collateralized)
- f. Deposit and Savings Accounts (100% collateralized)

Credit Risk. The credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As outlined above, state statute and city policy limit the type of investments allowed to reduce the amount of credit risk to the portfolio. The chart below summarizes the credit quality of the City's investment holdings.

Custodial Credit Risk. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or investments or will not be able to recover collateral securities that are in the possession of an outside party. City deposits in excess of depository insurance must be 100 percent collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. Collateral is required to be segregated by each depository as approved by the South Dakota Public Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve. As of December 31, 2015, the deposits of the City were \$60.2 million. No depository fell below the 100 percent of pledged collateral required as of December 31, 2015. Other investments are held for safekeeping in the City's name by Treasury Direct or by a qualified bank or trustee pursuant to SDCL 4-5-9.

Concentration of credit risk. Concentration risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's pooled cash investment policy limits the City pooled cash portfolio to hold no more than 20 percent of the total pool investments in the deposit of a single

Notes to Financial Statements

financial institution and the exposure to federal agency securities, secured directly or indirectly, to no more than 40 percent of the total portfolio. No institution exceeded these established limits as of December 31, 2015.

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The below chart summarizes the City's deposits

and investments using segmented time distribution. The City's pooled cash policy limits pooled cash investments to a maturity of five years or less to ensure adequate liquidity and minimize the impact of changes in interest rates. In matching investments to liabilities, the City does invest in longer-term Treasury and Agency securities outside of the pooled cash portfolio for specific obligations such as bond reserve funds.

| Deposit/Investment Type | Credit Rating | Fair Value | Less Than | | | 5 or more Years |
|---------------------------------|---------------|-----------------------|-----------------------|----------------------|---------------------|---------------------|
| | | | 1 Year | 1-3 Years | 3-5 Years | |
| (a) U.S. Treasury Notes & Bills | N/A | \$ 141,000,219 | \$ 52,838,746 | \$ 80,165,323 | \$ 7,858,375 | \$ 137,775 |
| (b) U.S. Agency Securities* | AAA | 4,935,468 | 337 | 559 | - | 4,934,572 |
| (c) Money Market Funds | AAA | 17,165,225 | 17,165,225 | - | - | - |
| (e) Certificates of Deposit | N/A | 51,000,000 | 33,000,000 | 18,000,000 | - | - |
| (f) Cash | N/A | 9,553,887 | 9,553,887 | - | - | - |
| Total | | \$ 223,654,799 | \$ 112,558,195 | \$ 98,165,882 | \$ 7,858,375 | \$ 5,072,347 |

* All agency securities are either Government National Mortgage Association (Ginnie Mae), Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), or Federal Home Loan Bank System.

Component Units

The Housing and Redevelopment Commission falls under South Dakota statutes (SDCL 11-7-31, with supplementary authority granted under SDCL 4-5-6, in regards to permitted deposits and investments. The Commission has no further investment policy as to interest, credit, or concentration risk. As of September, 30, 2015, the deposits of the Authority were fully insured or collateralized as required by SDCL 4-6A. All deposits as of September 30, 2015, are in certificates of deposit.

The Metro Communication Agency's deposits in excess of depository insurance must be 100 percent collateralized. Collateral is valued at the lower of cost or market as reported in the quarterly call reports prepared by the qualified public depositories pursuant to SDCL 4-6A. Collateral is required to be segregated by each depository as approved by the South Dakota Public Protection Commission. Collateral may not be held in any safety deposit vault owned or controlled either directly or indirectly by the pledging financial institution but must be deposited for safekeeping in a financial institution that is a member of the Federal Reserve.

B. Property Tax

Real property tax levies are established on or before October 1 of each year. Taxes are recorded as receivable, levied, and attached as an enforceable lien on property as of January 1 of each year. Taxes are payable in two installments on or before April 30 and October 31 of that year. The County bills and collects the City taxes and remits them to the City. The City accrues all delinquent property tax revenues received within 30 days after December 31.

No accrual for the property tax levy becoming due in January of 2016 is included in the accompanying financial statements, since such taxes are collected to finance expenditures budgeted for the subsequent period.

The City is permitted by State statute to levy an increase of no more than the lesser of three percent, or the index factor, as defined in the statutes, over the amount of revenue receivable from real property taxes in the preceding year, excluding the amount levied pursuant to an affirmative two-thirds vote of the governing body. After applying the index factor, the City may increase the revenue from real property taxes above the limitations by the percentage increase of value resulting from any improvements or change in use of real property, annexation, minor boundary changes, and any adjustments in taxation of property separately classified and subject to statutory adjustments and reductions, only if assessed the same as property of equal value.

The combined tax rate to finance municipal services for year-ended December 31, 2015, was \$4.964 per \$1,000 of taxable valuation.

C. Receivables

Receivables for the City's individual major funds and aggregate nonmajor, internal service, and fiduciary and component units in aggregate, including the applicable allowances for uncollectible accounts, are as follows at December 31, 2015:

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Notes to Financial Statements

| Primary Government | Taxes | Accounts | Interest & Penalty | Special Assessments | Notes Receivable | Loans Receivable | Unbilled | Allowance for Uncollectibles | Total |
|---------------------------------------|---------------------|---------------------|-------------------------------|----------------------------|-------------------------|-------------------------|---------------------|-------------------------------------|----------------------|
| Governmental Activities | | | | | | | | | |
| General | \$ 1,401,049 | \$ 2,545,792 | \$ 145,214 | \$ 272,198 | \$ - | \$ - | \$ - | \$ (1,215,821) | \$ 3,148,432 |
| Entertainment Tax | - | - | 15,524 | - | - | - | - | - | 15,524 |
| Sales/Use Tax | - | 46,476 | 78,077 | 1,361,882 | - | - | - | - | 1,486,435 |
| Community Development | - | - | 3,904 | - | 496,300 | 17,995,712 | - | - | 18,495,916 |
| Storm Drainage | - | - | 20,102 | - | - | - | - | - | 20,102 |
| Nonmajor Funds | - | 203,376 | 4,564 | - | - | - | - | - | 207,940 |
| Internal Service Funds | - | 1,312 | 53,251 | - | - | - | - | - | 54,563 |
| Total Governmental Activities | 1,401,049 | 2,796,956 | 320,636 | 1,634,080 | 496,300 | 17,995,712 | - | (1,215,821) | 23,428,912 |
| Business-type Activities | | | | | | | | | |
| Electric Light | - | 334,607 | 7,269 | - | - | - | 361,349 | (66,470) | 636,755 |
| Public Parking Facilities | - | 57,411 | 8,620 | - | - | - | - | - | 66,031 |
| Sanitary Landfill | - | 1,312,830 | 34,754 | - | - | - | - | (278,677) | 1,068,907 |
| Water | - | 1,160,777 | 105,421 | 228,301 | - | - | 1,611,086 | (65,182) | 3,040,403 |
| Water Reclamation | - | 1,078,598 | 36,957 | - | - | - | 1,692,897 | (23,489) | 2,784,963 |
| Total Business-type Activities | - | 3,944,223 | 193,021 | 228,301 | - | - | 3,665,332 | (433,818) | 7,597,059 |
| Total Primary Government | \$ 1,401,049 | \$ 6,741,179 | \$ 513,657 | \$ 1,862,381 | \$ 496,300 | \$ 17,995,712 | \$ 3,665,332 | \$ (1,649,639) | \$ 31,025,971 |
| Non current portion | \$ - | \$ - | \$ - | \$ 1,494,269 | \$ 389,921 | \$ 17,806,872 | \$ - | \$ - | \$ 19,691,062 |
| Fiduciary Funds | | | | | | | | | |
| Employee's Retirement | \$ - | \$ - | \$ 653,004 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 653,004 |
| Firefighters' Pension | - | - | 212,146 | - | - | - | - | - | 212,146 |
| Total Fiduciary Funds | \$ - | \$ - | \$ 865,150 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 865,150 |
| Component Units | | | | | | | | | |
| Housing Commission | \$ - | \$ 53,420 | \$ 679 | \$ - | \$ 41,903 | \$ - | \$ - | \$ - | \$ 96,002 |
| Metro Communications Agency | \$ - | \$ 4,531 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,531 |

D. Interfund Receivables and Payables

Interfund receivables and payables result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

An additional \$3,576,697 is included in the internal balances of the governmental funds and business-type funds on the

Statement of Net Position. This represents the adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds as shown in the Statement of Net Position – Proprietary Funds.

The composition of individual interfund receivable and payable balances at December 31, 2015, was as follows:

| Due to/from other funds: | | |
|---------------------------------|---------------------|-------------------|
| Receivable fund | Payable fund | Amount |
| General Fund | Landfill | \$ 3,597 |
| | Storm Drainage | 255,555 |
| | T.I.F. District | 50,000 |
| | | <u>\$ 309,152</u> |
| Sales/Use Tax | Railroad Relocation | 2,379 |
| | | <u>311,531</u> |
| Light | General Fund | 14,697 |
| | | <u>\$ 328,607</u> |

Notes to Financial Statements

E. Due from other Governments

Amounts Due from Other Governments include the following at December 31, 2015:

| | Due from | | | |
|--------------------------------|---------------------|----------------------|-------------------|----------------------|
| | Federal | State | Local | Total |
| Primary Government: | | | | |
| Governmental Activities | | | | |
| General Fund | \$ 477,220 | \$ 6,789,844 | \$ 931,601 | \$ 8,198,665 |
| Entertainment Tax | - | 798,596 | - | 798,596 |
| Sales/Use Tax | - | 6,012,220 | - | 6,012,220 |
| Special Revenue Funds | 1,287,933 | - | - | 1,287,933 |
| Total Governmental Activities | <u>\$ 1,765,153</u> | <u>\$ 13,600,660</u> | <u>\$ 931,601</u> | <u>\$ 16,297,414</u> |
| Component Units | | | | |
| Housing Commission | <u>\$ 256,234</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 256,234</u> |
| Metro Communications Agency | <u>\$ -</u> | <u>\$ 50,282</u> | <u>\$ 343,180</u> | <u>\$ 393,462</u> |

F. Interfund Transfers

Transfers are used to move revenues from the fund with collection authorization to the fund with expenditure authorization and move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The financial statements reflect interfund transfers as follows:

| | Transfers in: | | | | | Total |
|-----------------------|-------------------|-----------------------|-----------------------------|-----------------|----------------------------|---------------------|
| | Sales and Use Tax | Community Development | Nonmajor Governmental Funds | Fleet Revolving | General Services Revolving | |
| Transfers out: | | | | | | |
| General Fund | \$ - | \$ 722,641 | \$ 5,203,718 | \$ - | \$ 800,000 | \$ 6,726,359 |
| Sales and Use Tax | - | - | 750,000 | - | - | 750,000 |
| Water Reclamation | 373,312 | - | - | - | - | 373,312 |
| General Fixed Assets | - | - | - | 3,800 | - | 3,800 |
| Total | <u>\$ 373,312</u> | <u>\$ 722,641</u> | <u>\$ 5,953,718</u> | <u>\$ 3,800</u> | <u>\$ 800,000</u> | <u>\$ 7,853,471</u> |

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Notes to Financial Statements

G. Capital Assets

Capital asset activity for the year ended December 31, 2015, was as follows:

| Primary Government: | Beginning Balance | Additions | Transfers & Retirements | Ending Balance |
|--|------------------------------|----------------------|--|-------------------------|
| Governmental Activities: | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 138,828,187 | \$ 3,097,399 | \$ - | \$ 141,925,586 |
| Intangibles (Rights) | 4,503,100 | 418,830 | - | 4,921,930 |
| Construction in Progress | 7,839,422 | 54,372,252 | (46,154,735) | 16,056,939 |
| Depreciable Assets: | | | | |
| Buildings | 297,058,375 | 7,582,124 | (2,355,723) | 302,284,776 |
| Improvements other than Buildings | 149,902,507 | 4,633,848 | (373,525) | 154,162,830 |
| Equipment | 99,667,231 | 10,934,031 | (5,379,089) | 105,222,173 |
| Infrastructure | 893,672,016 | 48,900,738 | (4,588,246) | 937,984,508 |
| Totals at Historical Cost | <u>1,591,470,838</u> | <u>129,939,222</u> | <u>(58,851,318)</u> | <u>1,662,558,742</u> |
| Accumulated Depreciation: | | | | |
| Buildings | (97,526,713) | (7,422,730) | 2,106,531 | (102,842,912) |
| Improvements other than Buildings | (84,513,633) | (5,615,083) | 353,256 | (89,775,460) |
| Equipment | (62,881,009) | (7,656,958) | 4,519,816 | (66,018,151) |
| Infrastructure | (302,475,457) | (28,593,795) | 4,577,070 | (326,492,182) |
| Total Accumulated Depreciation | <u>(547,396,812)</u> | <u>(49,288,566)</u> | <u>11,556,673</u> | <u>(585,128,705)</u> |
| Governmental Activities Capital Assets, net | <u>\$ 1,044,074,026</u> | <u>\$ 80,650,656</u> | <u>\$ (47,294,645)</u> | <u>\$ 1,077,430,037</u> |
| Business-type Activities: | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 16,149,522 | \$ 466,095 | \$ - | \$ 16,615,617 |
| Intangibles (Rights) | 75,511,282 | 37,978 | - | 75,549,260 |
| Construction in Progress | 4,641,617 | 15,676,508 | (13,393,326) | 6,924,799 |
| Depreciable Assets: | | | | |
| Buildings | 42,357,064 | 794,407 | - | 43,151,471 |
| Improvements other than Buildings | 40,273,478 | 105,209 | (61,100) | 40,317,587 |
| Equipment | 42,596,662 | 1,598,928 | (56,871) | 44,138,719 |
| Infrastructure | 584,080,156 | 21,975,107 | (375,817) | 605,679,446 |
| Totals at Historical Cost | <u>805,609,781</u> | <u>40,654,232</u> | <u>(13,887,114)</u> | <u>832,376,899</u> |
| Accumulated Depreciation | | | | |
| Buildings | (14,521,040) | (1,594,682) | - | (16,115,722) |
| Improvements other than Buildings | (31,425,938) | (2,186,525) | 61,100 | (33,551,363) |
| Equipment | (25,917,785) | (1,931,181) | 56,871 | (27,792,095) |
| Infrastructure | (213,311,066) | (16,956,058) | 297,296 | (229,969,828) |
| Total Accumulated Depreciation | <u>(285,175,830)</u> | <u>(22,668,446)</u> | <u>415,267</u> | <u>(307,429,009)</u> |
| Business-type Activities Capital Assets, net | <u>\$ 520,433,951</u> | <u>\$ 17,985,786</u> | <u>\$ (13,471,847)</u> | <u>\$ 524,947,890</u> |
| Total Primary Government Capital Assets, net | <u>\$ 1,564,507,977</u> | <u>\$ 98,636,442</u> | <u>\$ (60,766,492)</u> | <u>\$ 1,602,377,927</u> |
| * The decrease in accumulated depreciation for any given class of assets may exceed the decrease reported in those assets due to asset transfers from the business-type funds to the governmental funds. | | | | |

Notes to Financial Statements

| Component Units | Beginning Balance | Additions | Retirements | Ending Balance |
|---|----------------------|---------------------|---------------------|---------------------|
| Housing Commission | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 881,744 | \$ 187,702 | \$ - | \$ 1,069,446 |
| Construction in Progress | 776,692 | 269,578 | (945,528) | 100,742 |
| Depreciable Assets: | | | | |
| Buildings | 5,828,812 | 918,246 | (959) | 6,746,099 |
| Improvements other than Buildings | 81,855 | - | - | 81,855 |
| Equipment | 208,855 | 6,626 | (2,578) | 212,903 |
| Totals at Historical Cost | <u>7,777,958</u> | <u>1,382,152</u> | <u>(949,065)</u> | <u>8,211,045</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings | (3,429,118) | (154,952) | - | (3,584,070) |
| Improvements other than Buildings | (38,550) | (4,169) | - | (42,719) |
| Equipment | (190,406) | (7,045) | 2,578 | (194,873) |
| Total Accumulated Depreciation | <u>(3,658,074)</u> | <u>(166,166)</u> | <u>2,578</u> | <u>(3,821,662)</u> |
| Total Housing Commission Capital Assets, net | <u>\$ 4,119,884</u> | <u>\$ 1,215,986</u> | <u>\$ (946,487)</u> | <u>\$ 4,389,383</u> |
| Metro Communications Agency | | | | |
| Depreciable Assets: | | | | |
| Equipment | \$ 2,518,291 | \$ 16,761 | \$ - | \$ 2,535,052 |
| Totals at Historical Cost | <u>2,518,291</u> | <u>16,761</u> | <u>-</u> | <u>2,535,052</u> |
| Less Accumulated Depreciation: | | | | |
| Equipment | (1,578,628) | (158,786) | - | (1,737,414) |
| Total Accumulated Depreciation | <u>(1,578,628)</u> | <u>(158,786)</u> | <u>-</u> | <u>(1,737,414)</u> |
| Total Metro Communications Agency Capital Assets, net | <u>\$ 939,663</u> | <u>\$ (142,025)</u> | <u>\$ -</u> | <u>\$ 797,638</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|--|----------------------|
| Governmental Activities: | Amount |
| General Government | \$ 897,495 |
| Public Safety | 2,372,781 |
| Highways & Streets | 28,781,573 |
| Health | 228,540 |
| Culture & Recreation | 13,695,638 |
| Urban & Economic Development | 567,282 |
| Capital Assets Held by the Government's Internal Service Funds | 2,745,257 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 49,288,566</u> |
| Business-type Activities: | |
| Electric Light | \$ 1,443,016 |
| Public Parking Facilities | 511,917 |
| Sanitary Landfill | 2,189,773 |
| Water | 7,346,174 |
| Water Reclamation | 11,177,566 |
| Total Depreciation Expense - Business-type Activities | <u>\$ 22,668,446</u> |

**City of Sioux Falls
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Notes to Financial Statements

Projects included in construction in progress for the primary government along with construction improvement commitments to be financed from committed fund balances carried forward into future years are as follows:

| <u>Projects-in-Progress</u> | <u>Project Authorization</u> | <u>Expended to 12/31/2015</u> | <u>Committed</u> |
|---|----------------------------------|-----------------------------------|------------------|
| City Hall and City Hall Annex Improvements | \$ 20,216 | \$ - | \$ 20,216 |
| Graybar Roof Replacement | 30,000 | 21,941 | 8,059 |
| Engineering Infrastructure Projects | 26,476,537 | 3,061,161 | 23,415,375 |
| Street Sand/Salt Storage Structure | 70,877 | 28,439 | 42,438 |
| Administrative Office Building | 60,368 | 60,368 | - |
| Fire Station #4 & #6 Window s/Siding | 208,959 | 162,119 | 46,840 |
| Fire Station #9 Front Redesign, Window s/Siding | 78,283 | - | 78,283 |
| Land Acquisition for Future Fire Stations | 220,000 | - | 220,000 |
| Fire Stations Light Fixture Upgrades | 17,000 | - | 17,000 |
| Construction of Fire Station #12 | 51,400 | - | 51,400 |
| Fire Truck | 1,186,437 | 613,701 | 572,737 |
| Core Façade Revitalization | 170,407 | - | 170,407 |
| Prairie West Branch Library | 3,369 | - | 3,369 |
| Fleet/Street Division Wash Bay Addition | 335,000 | 26,000 | 309,000 |
| Fleet/Street Roof Replacement | 2,032 | - | 2,032 |
| Electric Light Projects | 292,733 | 63,266 | 229,467 |
| Electronic Automated Meter Reading | 365,000 | - | 365,000 |
| Circuit Improvements | 517,630 | 190,823 | 326,808 |
| Indoor Aquatics Center | 22,374,217 | 8,816,785 | 13,557,431 |
| Bike Trail Construction/Reconstruction | 232,327 | - | 232,327 |
| Burnside Park Improvements | 10,052 | - | 10,052 |
| Disc Golf Course Development | 98,369 | - | 98,369 |
| Development of Play Structures | 58,144 | - | 58,144 |
| Dog Park Development | 383,500 | 25,597 | 357,903 |
| Dunham Park | 9,850 | 9,850 | - |
| Falls Overlook Retaining Wall | 12,500 | 12,500 | - |
| Falls Park West | 49,750 | 39,274 | 10,476 |
| Family Park Improvements | 125,460 | - | 125,460 |
| Great Bear Master Plan | 13,253 | - | 13,253 |
| Harmodon Park | 211,445 | 136,079 | 75,366 |
| Judee Estates Development | 16,200 | 16,200 | - |
| Northeast Brandon Park/School Site Development | 111,680 | 111,680 | - |
| Park Land Acquisition | 332,621 | - | 332,621 |
| Park Roads and Parking Lots Improvements | 279,176 | 279,176 | - |
| Picnic Shelter Improvements | 27,644 | - | 27,644 |
| Playcourt Cyclic Improvements | 55,739 | - | 55,739 |
| Prairie Hills West Park Development | 19,586 | - | 19,586 |
| Sanford Sports Complex Improvements | 100,000 | - | 100,000 |
| Southern Vista Park | 5,235 | - | 5,235 |
| Southeast Sioux Falls Park/School Site | 218,000 | - | 218,000 |
| Southw est Sioux Falls Park/School Site | 434,600 | 434,600 | - |
| Spellerberg Park Master Plan | 57,179 | 57,179 | - |
| Zoo Master Plan Improvements | 1,980,025 | - | 1,980,025 |
| Zoo Brow n Bear Exhibit | 7,312 | 7,312 | - |
| Parking Lots and Ramp Improvements | 50,000 | - | 50,000 |
| Parking Facility | 494,643 | 229,005 | 265,639 |
| Parking Maintenance Building | 22,446 | - | 22,446 |
| Fleet Fueling Site Security Enhancements | 23,500 | - | 23,500 |
| Landfill Alternative Energy System | 50,000 | - | 50,000 |
| Landfill Land Acquisition | 263,670 | - | 263,670 |
| Landfill Building Improvements | 887,300 | 384,300 | 503,000 |
| Landfill Leachate Recirculation Infrastructure | 1,125,864 | - | 1,125,864 |
| Landfill MSW (Municipal Solid Waste) | 60,937 | - | 60,937 |
| Landfill Wetland Mitigation | 165,057 | 165,057 | - |
| Landfill & Hazardous Waste Perimeter Fencing | 35,952 | - | 35,952 |
| Arena Building Improvements | 910,921 | 62,000 | 848,921 |
| Convention Center Building Improvements | 919,350 | 22,120 | 897,230 |
| Events Center | 3,194,603 | - | 3,194,603 |
| Orpheum Building Improvements | 125,307 | - | 125,307 |
| Washington Pavilion Building Improvements | 271,152 | - | 271,152 |

Continued on next page

**City of Sioux Falls
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Notes to Financial Statements

| Continued from previous page | | | |
|--|------------------------------|-------------------------------|----------------------|
| Projects-in-Progress | Project Authorization | Expended to 12/31/2015 | Committed |
| Washington Pavilion Cinedome Seat Refurbishment | 86,000 | - | 86,000 |
| Washington Pavilion Sculpture Garden | 204,400 | 9,785 | 194,615 |
| Washington Pavilion Kirby Science Discovery Center Exhibit | 22,064 | 22,064 | - |
| Sioux Falls Stadium Improvements | 7,992 | - | 7,992 |
| Transit Bus Wash | 63,921 | 52,741 | 11,180 |
| Transit Fire Alarm System Upgrade | 15,663 | - | 15,663 |
| Storm Sewer Projects | 1,968,268 | 1,968,268 | - |
| Water Projects | 5,454,143 | 2,069,450 | 3,384,693 |
| Water Lime Handling Equipment | 9,700 | 9,700 | - |
| Water Reclamation Projects | 24,922,961 | 3,813,199 | 21,109,761 |
| | \$ 98,685,925 | \$ 22,981,738 | \$ 75,704,187 |

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as

expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

| | |
|---|----------------------|
| Capital Outlay | \$ 62,055,526 |
| Plus: assets contributed from outside sources | 28,537,020 |
| Plus: assets added by Internal Service Funds | 5,130,050 |
| Plus: construction in progress added as an asset in current year | 35,091,984 |
| Less: assets contributed to enterprise funds | (875,359) |
| Capital asset increase per footnote | 129,939,222 |
| Plus: loss on sale of assets | 559,257 |
| Plus: assets contributed to enterprise funds | 875,359 |
| Less: assets contributed from outside sources | (28,537,020) |
| Plus: assets added by Internal Service Funds | (5,130,050) |
| Less: assets transferred to Internal Service Funds | (3,800) |
| Less: construction in progress added as an asset in current year | (35,091,984) |
| Depreciation expense | (46,543,309) |
| Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities | \$ 16,067,675 |

Notes to Financial Statements

H. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities, including the current portion, of the City of Sioux Falls for the year ended December 31, 2015.

| | <u>Balance Beginning</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance Ending</u> | <u>Due Within One Year</u> |
|----------------------------------|------------------------------|---------------------|----------------------|---------------------------|--------------------------------|
| Primary Government | | | | | |
| Governmental Activities: | | | | | |
| Bonds Payable: | | | | | |
| Revenue | \$ 182,460,000 | \$ - | \$ 6,535,000 | \$ 175,925,000 | \$ 7,725,000 |
| Notes Payable | 12,433,506 | - | 4,148,226 | 8,285,280 | 4,207,938 |
| Total Debt | <u>194,893,506</u> | <u>-</u> | <u>10,683,226</u> | <u>184,210,280</u> | <u>11,932,938</u> |
| Unamortized Bond Premium | 4,400,392 | - | 278,987 | 4,121,405 | 278,987 |
| Rebatable Arbitrage | 56,878 | - | 34,854 | 22,024 | n/a |
| Accrued Compensated Absences | | | | | |
| Governmental Funds * | 10,565,920 | 6,348,545 | 4,258,734 | 12,655,731 | 750,000 |
| Internal Service Funds | 174,907 | 193,671 | 149,358 | 219,220 | 30,500 |
| Total Governmental Activities | <u>210,091,603</u> | <u>6,542,216</u> | <u>15,405,159</u> | <u>201,228,660</u> | <u>12,992,425</u> |
| Business-type Activities: | | | | | |
| Bonds Payable: | | | | | |
| Revenue | 66,430,000 | - | 1,885,000 | 64,545,000 | 1,960,000 |
| Revenue Notes Payable | 100,706,937 | 1,961,224 | 14,203,584 | 88,464,577 | 12,959,852 |
| Total Debt | <u>167,136,937</u> | <u>1,961,224</u> | <u>16,088,584</u> | <u>153,009,577</u> | <u>14,919,852</u> |
| Rebatable Arbitrage | 48,171 | - | - | 48,171 | n/a |
| Closure & Postclosure Care Costs | 5,637,159 | - | - | 5,637,159 | n/a |
| Accrued Compensated Absences | 1,677,579 | 1,183,975 | 901,565 | 1,959,989 | 176,000 |
| Total Business-type Activities | <u>174,499,846</u> | <u>3,145,199</u> | <u>16,990,149</u> | <u>160,654,896</u> | <u>15,095,852</u> |
| Total Primary Government | <u>\$ 384,591,449</u> | <u>\$ 9,687,414</u> | <u>\$ 32,395,307</u> | <u>\$ 361,883,556</u> | <u>\$ 28,088,277</u> |
| Component Units | | | | | |
| Housing Commission | | | | | |
| Revenue Notes Payable | \$ 429,887 | \$ - | \$ 31,345 | \$ 398,542 | \$ 31,345 |
| Mortgages Payable | 2,105,945 | 622,924 | 70,565 | 2,658,304 | 18,914 |
| Accrued Compensated Absences | 69,830 | 33,084 | 21,805 | 81,109 | 50,232 |
| Total Housing Commission | <u>\$ 2,605,662</u> | <u>\$ 656,008</u> | <u>\$ 123,715</u> | <u>\$ 3,137,955</u> | <u>\$ 100,491</u> |
| Metro Communications Agency | | | | | |
| Other Post Employment Benefits | \$ 172,133 | \$ 39,920 | \$ - | \$ 212,053 | n/a |
| Accrued Compensated Absences | 164,214 | 192,854 | 178,204 | 178,864 | 88,943 |
| | <u>\$ 336,347</u> | <u>\$ 232,774</u> | <u>\$ 178,204</u> | <u>\$ 390,917</u> | <u>\$ 88,943</u> |

* Compensated absences in the Governmental Funds have typically been liquidated from the General and Community Development funds.

**City of Sioux Falls
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Notes to Financial Statements

Individual Debt Issues by Fund - The following is a summary of the individual debt issues, as of the year ended December 31, 2015.

| | Purpose | Outstanding Interest Rate | Maturity Date | Authorized Not Issued Amount | Issue Amount | Amount Outstanding | Maximum Annual Debt Service |
|------------------------------------|--|---------------------------|---------------|------------------------------|---------------|--------------------|-----------------------------|
| PRIMARY GOVERNMENT | | | | | | | |
| Governmental Activities | | | | | | | |
| Revenue Bonds & Notes | | | | | | | |
| Sales & Use Tax Fund | | | | | | | |
| Series 2007B Sales Tax | * Library & Park Projects (I) | 4.00-5.00% | 2027 | \$ - | \$ 25,570,000 | \$ 18,215,000 | \$ 2,019,863 |
| Series 2009A Sales Tax | * Library & Park Projects (II) | 4.00-4.50% | 2028 | - | 20,265,000 | 15,895,000 | 1,619,750 |
| Series 2009B Sales Tax | * Flood Control | 3.00-6.00% | 2029 | - | 31,540,000 | 25,335,000 | 2,688,180 |
| Series 2012A Sales Tax | * Events Center | 3.00-4.00% | 2033 | - | 108,440,000 | 104,715,000 | 2,052,000 |
| Series 2012B Sales Tax | * Events Center | 2.00-2.60% | 2023 | - | 13,705,000 | 9,705,000 | 8,205,378 |
| | | | | - | - | 173,865,000 | 16,585,171 |
| State Revolving Note #20 | ** Storm Drainage Construction | 1.50% | 2017 | - | 25,949,349 | 4,144,344 | 2,799,272 |
| State Revolving Note #22 | * Storm Drainage Construction | 2.50% | 2017 | - | 10,550,000 | 2,325,403 | 1,195,640 |
| | | | | - | - | 6,469,747 | 3,994,912 |
| | | | | - | - | 180,334,747 | 20,580,083 |
| Total Sales & Use Tax | | | | | | | |
| Community Development Fund | | | | | | | |
| State Flex Funds | Rental Rehab Loans | 0.00% | 2016 | - | 500,000 | 500,000 | 500,000 |
| Storm Drainage Fund | | | | | | | |
| State Revolving Note #19 | System Construction | 2.50% | 2016 | - | 415,785 | 34,872 | 35,309 |
| State Revolving Note #27 | System Construction | 2.50% | 2020 | - | 2,621,000 | 1,280,661 | 301,787 |
| Total Storm Drainage | | | | - | - | 1,315,533 | 337,096 |
| Tax Increment Financing Fund | | | | | | | |
| 2008A Tax Increment | Cherapa Place (TIF #5) | 4.20-5.75% | 2028 | - | 2,290,000 | 2,060,000 | 365,206 |
| Total Revenue Bonds & Notes | | | | - | - | 184,210,280 | 21,782,385 |
| Other Long-Term Liabilities | | | | | | | |
| Unamortized Bond Premium | n/a | n/a | 2033 | n/a | n/a | 4,121,405 | n/a |
| Total Debt | | | | - | - | 188,331,685 | 21,782,385 |
| Vested Compensated Absences | | | | | | | |
| Governmental Funds | Compensated Absences | n/a | n/a | n/a | n/a | 12,655,731 | n/a |
| Internal Service Funds | Compensated Absences | n/a | n/a | n/a | n/a | 219,220 | n/a |
| Total Governmental Activities | | | | \$ - | - | \$ 201,206,636 | \$ 21,782,385 |
| Business-type Activities | | | | | | | |
| Revenue Bonds & Notes | | | | | | | |
| Water | | | | | | | |
| Series 2007A Sales Tax | * Lewis & Clark Regional Water System Prepayment | 3.50-5.00% | 2036 | \$ - | \$ 70,000,000 | \$ 64,545,000 | \$ 4,858,338 |
| State Revolving Note #5 | System Construction | 2.50% | 2016 | - | 10,828,766 | 954,941 | 966,903 |
| State Revolving Note #6 | System Construction | 2.50% | 2020 | - | 9,938,849 | 4,883,557 | 1,214,781 |
| State Revolving Note #7 | System Construction | 2.50% | 2020 | - | 2,200,000 | 1,002,326 | 249,328 |
| State Revolving Note #8 | System Construction | 2.50% | 2019 | - | 2,088,645 | 844,961 | 236,753 |
| State Revolving Note #9 | System Construction | 2.25% | 2021 | - | 2,678,738 | 1,333,134 | 269,936 |
| State Revolving Note #10 | System Construction | 2.25% | 2021 | - | 5,819,138 | 2,907,752 | 588,768 |
| State Revolving Note #11 | System Construction | 2.25% | 2023 | - | 4,000,000 | 2,987,889 | 447,805 |
| Total Water | | | | - | - | 79,459,560 | 8,832,612 |
| Water Reclamation | | | | | | | |
| State Revolving Note #18 | System Construction | 2.50% | 2016 | - | 3,730,114 | 322,989 | 327,035 |
| State Revolving Note #21 | System Construction | 2.25% | 2027 | 954,323 | 34,779,313 | 22,832,287 | 2,258,892 |
| State Revolving Note #23 | System Construction | 2.50% | 2018 | - | 10,309,144 | 3,097,314 | 1,168,971 |
| State Revolving Note #25 | System Construction | 2.50% | 2020 | - | 3,508,134 | 1,650,924 | 410,666 |
| State Revolving Note #26 | System Construction | 2.50% | 2020 | - | 3,744,000 | 1,839,991 | 433,593 |
| State Revolving Note #28 | System Construction | 2.25% | 2021 | - | 1,803,000 | 927,548 | 187,812 |
| State Revolving Note #29 | System Construction | 2.25% | 2021 | - | 1,211,097 | 603,369 | 122,171 |
| State Revolving Note #30 | System Construction | 2.25% | 2021 | - | 4,974,661 | 2,702,355 | 502,350 |
| State Revolving Note #32 | System Construction | 1.25% | 2023 | 1,551,563 | 23,037,837 | 17,116,470 | 2,464,304 |
| State Revolving Note #33 | System Construction | 1.25% | 2023 | 1,380,449 | 13,331,165 | 10,570,640 | 1,380,917 |
| State Revolving Note #34 | System Construction | 2.25% | 2024 | 423,164 | 12,040,836 | 10,965,766 | 1,349,291 |
| State Revolving Note #35 | System Construction | 1.25% | n/a | 11,059,093 | 920,364 | 920,364 | n/a |
| State Revolving Note #36 | System Construction | 1.25% | n/a | 26,060,000 | - | - | n/a |
| Total Water Reclamation | | | | 41,428,592 | - | 73,550,017 | 10,606,002 |
| Total Debt | | | | 41,428,592 | - | 153,009,577 | 24,296,952 |
| Vested Compensated Absences | Compensated Absences | n/a | n/a | n/a | n/a | 1,959,989 | n/a |
| Total Business-type Activities | | | | \$ 41,428,592 | - | \$ 154,969,566 | \$ 24,296,952 |
| | * Secured by pledge of the second penny sales and use tax. | | | | | | |
| | ** Secured by pledge of storm drainage revenues. | | | | | | |

**City of Sioux Falls
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Notes to Financial Statements

Individual Debt Issues by Component Unit - The following is a summary of the individual debt issues, as of the year ended December 31, 2015.

| COMPONENT UNITS | Purpose | Outstanding Interest Rate | Maturity Date | Authorized Not Issued Amount | Issue Amount | Amount Outstanding | Maximum Annual Debt Service |
|------------------------------------|----------------------|---------------------------|---------------|------------------------------|--------------|--------------------|-----------------------------|
| Housing Commission | | | | | | | |
| SDHDA Note | Affordable Housing | 0.00% | 2025 | \$ - | \$ 695,690 | \$ 398,542 | \$ 31,345 |
| Mortgages | | | | | | | |
| SD Housing Development Authority | Affordable Housing | 0.00% | 2055 | - | 260,660 | 260,660 | n/a |
| Sioux Falls Community Development | Affordable Housing | 2.00% | 2035 | - | 160,653 | 157,695 | n/a |
| SD Housing Development Authority | Affordable Housing | 0.00% | 2055 | - | 100,000 | 100,000 | n/a |
| SD Housing Development Authority | Affordable Housing | 0.00% | 2044 | - | 171,162 | 166,797 | 5,820 |
| Sioux Falls Community Development | Affordable Housing | 0.00% | 2045 | - | 179,550 | 120,000 | 3,333 |
| Sioux Falls Community Development | Affordable Housing | 3.00% | 2030 | - | 44,379 | 37,469 | 2,983 |
| Sioux Falls Community Development | Affordable Housing | 0.00% | 2030 | - | 255,916 | 360,771 | n/a |
| SD Housing Development Authority | Affordable Housing | 0.00% | 2023 | - | 161,880 | 161,880 | 90,000 |
| SD Housing Development Authority | Affordable Housing | 0.00% | 2033 | - | 697,234 | 697,234 | n/a |
| Home Federal Bank | Affordable Housing | 4.65% | 2017 | - | 40,000 | 35,798 | 3,095 |
| Sioux Falls Community Development | Affordable Housing | 0.00-3.00% | 2027 | - | 60,000 | 60,000 | 3,476 |
| Sioux Falls Community Development | Affordable Housing | 0.00% | n/a | - | 300,000 | 300,000 | 300,000 |
| Sioux Falls Community Development | Affordable Housing | 0.00% | n/a | - | 200,000 | 200,000 | 200,000 |
| Total Mortgages | | | | - | - | 2,658,304 | 108,707 |
| Vested Compensated Absences | Compensated Absences | n/a | n/a | n/a | n/a | 81,109 | 50,232 |
| Total Housing Commission | | | | \$ - | - | \$ 3,137,955 | \$ 798,991 |
| Metro Communications Agency | | | | | | | |
| Vested Compensated Absences | Compensated Absences | n/a | n/a | n/a | n/a | \$ 178,864 | n/a |

Pledged Revenue – The city has pledged future revenues, net of specified operating expenses, to repay various debt issues of the city. The debt and information relating to the pledged revenues at December 31, 2015 are as follows:

| PRIMARY GOVERNMENT | Purpose | Pledged Revenue Source | Approximate Amount of Revenue Pledged | Final Maturity Date | Issue Amount | 2015 | | Total Principal and Interest Remaining |
|----------------------------------|---|--------------------------------|---------------------------------------|---------------------|----------------|-----------------------------|---------------|--|
| | | | | | | Principal and Interest Paid | Net Revenues | |
| Governmental Activities | | | | | | | | |
| Revenue Bonds & Notes | | | | | | | | |
| Sales & Use Tax Fund | | | | | | | | |
| Sales Tax Revenue Bonds | Libraries, Parks, Flood Control, Water System & Events Center | Sales and Use Taxes | 31% | 2033 | \$ 269,520,000 | \$ 17,893,366 | \$ 58,087,425 | \$ 334,779,878 |
| State Revolving Notes | Storm Drainage Construction | Sales and Use Taxes | 7% | 2017 | 10,550,000 | 3,994,912 | 58,087,425 | 2,391,281 |
| Community Development Fund | | | | | | | | |
| State Flex Funds | Rental Rehab Loans | Community Development Revenues | 0% | 2016 | 500,000 | - | 2,547,332 | 500,000 |
| Storm Drainage Fund | | | | | | | | |
| State Revolving Notes | System Construction | Storm Drainage Revenues | 7% | 2020 | 28,986,134 | 354,338 | 5,317,393 | 5,592,259 |
| Tax Increment Financing Fund | | | | | | | | |
| Tax Increment Bonds | Cherapa Place | Tax Increment Revenue | 62% | 2028 | 2,290,000 | 219,608 | 355,969 | 2,955,819 |
| Business-type Activities | | | | | | | | |
| Revenue Bonds & Notes | | | | | | | | |
| Water | | | | | | | | |
| State Revolving Notes | System Construction | Water Revenues | 24% | 2023 | 37,554,136 | 4,304,842 | 18,022,520 | 15,831,974 |
| Water Reclamation | | | | | | | | |
| State Revolving Notes | System Construction | Water Reclamation Revenues | 59% | 2027 | 113,389,665 | 10,689,251 | 18,046,741 | 78,510,809 |
| Landfill | | | | | | | | |
| State Revolving Notes | Landfill Improvements | Landfill Revenues | 27% | 2020 | 2,331,523 | 1,132,790 | 4,172,699 | - |

Revenue Bonds Payable

Bonds payable at December 31, 2015, consist of five issues backed and serviced solely by the second penny sales tax (Sales and Use Tax Fund), one issue backed by the second penny sales tax and serviced by the Water Fund as shown above and one issue backed and serviced by Tax Increment District #5 in the T.I.F. District Fund.

Debt service requirements for the revenue bonds at December 31, 2015, are as follows:

| Year | Sales and Use Tax | | Total |
|-----------|-------------------|---------------|----------------|
| | Principal | Interest | |
| 2016 | \$ 7,620,000 | \$ 6,406,491 | \$ 14,026,491 |
| 2017 | 8,175,000 | 6,150,991 | 14,325,991 |
| 2018 | 9,305,000 | 5,897,991 | 15,202,991 |
| 2019 | 9,480,000 | 5,605,941 | 15,085,941 |
| 2020 | 9,785,000 | 5,303,891 | 15,088,891 |
| 2021-2025 | 55,160,000 | 20,460,379 | 75,620,379 |
| 2026-2030 | 51,330,000 | 9,250,858 | 60,580,858 |
| 2031-2033 | 23,010,000 | 1,594,373 | 24,604,373 |
| Totals | \$ 173,865,000 | \$ 60,670,915 | \$ 234,535,915 |

Notes to Financial Statements

| Tax Increment | | | |
|---------------|---------------------|-------------------|---------------------|
| Year | Principal | Interest | Total |
| 2016 | \$ 105,000 | \$ 110,198 | \$ 215,198 |
| 2017 | 110,000 | 105,573 | 215,573 |
| 2018 | 115,000 | 100,594 | 215,594 |
| 2019 | 120,000 | 95,305 | 215,305 |
| 2020 | 125,000 | 88,981 | 213,981 |
| 2021-2025 | 760,000 | 322,575 | 1,082,575 |
| 2026-2028 | 725,000 | 72,593 | 797,593 |
| Totals | <u>\$ 2,060,000</u> | <u>\$ 895,819</u> | <u>\$ 2,955,819</u> |

| Water | | | |
|-----------|----------------------|----------------------|-----------------------|
| Year | Principal | Interest | Total |
| 2016 | \$ 1,960,000 | \$ 2,898,138 | \$ 4,858,138 |
| 2017 | 2,035,000 | 2,819,738 | 4,854,738 |
| 2018 | 2,120,000 | 2,738,338 | 4,858,338 |
| 2019 | 2,205,000 | 2,632,338 | 4,837,338 |
| 2020 | 2,300,000 | 2,522,088 | 4,822,088 |
| 2021-2025 | 13,040,000 | 10,786,438 | 23,826,438 |
| 2026-2030 | 16,165,000 | 7,334,488 | 23,499,488 |
| 2031-2035 | 20,135,000 | 3,749,609 | 23,884,609 |
| 2036 | 4,585,000 | 217,788 | 4,802,788 |
| Totals | <u>\$ 64,545,000</u> | <u>\$ 35,698,963</u> | <u>\$ 100,243,963</u> |

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Arbitrage provisions of the Internal Revenue Service require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. As of December 31, 2015, the City had rebatable arbitrage liabilities of \$22,024, which was payable from the Sales/Use Tax special revenue fund, and \$48,171, which was payable from the Water enterprise fund

Recovery Zone Economic Development Bonds

The City has elected to receive refundable tax credits from the United States Treasury under Section 54AA(g) of the Internal Revenue Code of 1986, as amended, for the \$13,285,000 Sales Tax Revenue Bonds Series 2009B-2. The refundable tax credits are required to be deposited into the Bond Fund and can be used for the payment of interest on the bonds. The refundable credit, of 41.8% of the interest payment, is reported as Federal Grants in the Statement of Revenues, Expenses, and changes in Net Position.

Tax Increment Financing (TIF) Districts

The City has ten active TIF districts in addition to TIF District #5 listed above. For each of these ten districts, the City has entered into an agreement with the developer of the TIF district. Under each agreement, tax increments received by the City are paid over to the project sponsor as a grant to cover initial eligible project expenses as allowed by South Dakota state statutes. The project sponsor bears the risk that increments collected over the life of the TIF district will be less than sufficient to cover all eligible project expenses, the City bears no responsibility to make up any shortfall. Increments totaling \$2,063,585 were received by the City and paid to project sponsors during 2015.

Notes Payable

The City has entered into several notes payable with the South Dakota Conservancy District, which have provided funds for construction and maintenance of the storm drainage, water, and water reclamation systems. These funds are drawn as construction progresses. Several notes have balances available that have not been drawn and are so noted on the individual debt table on page 68. A complete amortization schedule will be provided upon completion or partial completion of the draw term. Thus, future debt service cannot be accurately determined until all projects for each note are completed.

The Sales and Use Tax notes will be repaid with revenues from the Sales and Use Tax Fund. The estimated debt service is as follows:

| Sales/Use Tax | | | |
|---------------|---------------------|-------------------|---------------------|
| Year | Principal | Interest | Total |
| 2016 | \$ 3,900,755 | \$ 94,157 | \$ 3,994,912 |
| 2017 | 2,568,992 | 26,285 | 2,595,277 |
| Totals | <u>\$ 6,469,747</u> | <u>\$ 120,442</u> | <u>\$ 6,590,189</u> |

The Sales and Use Tax Fund currently has no available and undrawn notes payable from the South Dakota Conservancy District.

The Storm Drainage notes will be repaid with revenues from the Storm Drainage Fund. The estimated debt service is as follows:

| Storm Drainage | | | |
|----------------|---------------------|------------------|---------------------|
| Year | Principal | Interest | Total |
| 2016 | \$ 307,183 | \$ 29,914 | \$ 337,097 |
| 2017 | 279,182 | 22,605 | 301,787 |
| 2018 | 286,227 | 15,560 | 301,787 |
| 2019 | 293,450 | 8,337 | 301,787 |
| 2020 | 149,491 | 1,402 | 150,893 |
| Totals | <u>\$ 1,315,533</u> | <u>\$ 77,818</u> | <u>\$ 1,393,351</u> |

The Storm Drainage Fund currently has no available and undrawn notes payable from the South Dakota Conservancy District.

The Water notes will be repaid with revenues from the Water Fund. The estimated debt service on these issues is as follows:

| Water | | | |
|-----------|----------------------|-------------------|----------------------|
| Year | Principal | Interest | Total |
| 2016 | \$ 3,655,509 | \$ 318,765 | \$ 3,974,274 |
| 2017 | 2,765,783 | 241,589 | 3,007,372 |
| 2018 | 2,832,576 | 174,795 | 3,007,371 |
| 2019 | 2,841,799 | 106,385 | 2,948,184 |
| 2020 | 1,625,620 | 46,917 | 1,672,537 |
| 2021-2023 | 1,193,273 | 28,963 | 1,222,236 |
| Totals | <u>\$ 14,914,560</u> | <u>\$ 917,414</u> | <u>\$ 15,831,974</u> |

The Water Fund has no available and undrawn notes payable from the South Dakota Conservancy District.

Notes to Financial Statements

The Water Reclamation notes will be repaid with revenues from the Water Reclamation Fund. The estimated debt service is as follows:

| Water Reclamation | | | |
|--------------------------------------|----------------------|---------------------|----------------------|
| Year | Principal | Interest | Total |
| 2016 | \$ 9,304,343 | \$ 1,301,659 | \$ 10,606,002 |
| 2017 | 9,154,226 | 1,124,742 | 10,278,968 |
| 2018 | 9,038,450 | 948,275 | 9,986,725 |
| 2019 | 8,323,482 | 786,515 | 9,109,997 |
| 2020 | 7,950,011 | 635,190 | 8,585,201 |
| 2021-2025 | 25,150,269 | 1,405,308 | 26,555,577 |
| 2026-2027 | 3,322,619 | 65,721 | 3,388,340 |
| Totals | 72,243,400 | \$ 6,267,410 | \$ 78,510,810 |
| Issues With No Estimate Available | 1,306,617 | | |
| Total | \$ 73,550,017 | | |

The Water Reclamation Fund has \$41,428,592 available and undrawn notes payable from the South Dakota Conservancy District.

State Flex Funds

The City has entered into an agreement with the State of South Dakota whereby the state has lent the City \$500,000 interest free for 5 years with the option to negotiate the refinancing for up to 3 additional 5 year terms for a total of 20 years. The funds were used for rental rehabilitation projects.

Component Units

The Housing Commission notes will be repaid with revenues from property rentals. The estimated debt service on these issues is as follows:

| Housing Commission | | | |
|---------------------------|---------------------|-------------------|---------------------|
| Year | Principal | Interest | Total |
| 2016 | 50,259 | 2,878 | 53,137 |
| 2017 | 84,108 | 2,758 | 86,866 |
| 2018 | 54,282 | 3,973 | 58,255 |
| 2019 | 54,563 | 7,778 | 62,341 |
| 2020 | 54,853 | 7,358 | 62,211 |
| 2021-2025 | 363,992 | 30,023 | 394,015 |
| 2026-2030 | 107,670 | 17,983 | 125,653 |
| 2031-2035 | 1,144,912 | 8,531 | 1,153,443 |
| 2036-2040 | 162,519 | 1,283 | 163,802 |
| Thereafter | 979,688 | 61,062 | 1,040,750 |
| Totals | \$ 3,056,846 | \$ 143,627 | \$ 3,200,473 |

Accrued Compensated Absences

City employees are paid for accumulated vacation and sick leave upon retirement. Certain employees are also paid for a portion of excess sick leave on an annual basis. Accumulated vested compensated absences in governmental funds are recorded as a liability in the government-wide statements. Since this liability generally matures upon retirement, future maturities are not calculated.

Legal Debt Limit

The City is subject to Article XIII, Section 4, of the South Dakota Constitution which limits the amount of bonded debt to a percent of the assessed valuation of the taxable property therein for the year preceding that in which said indebtedness is incurred. The categories are as follows:

1. Not to exceed 5 percent for the year preceding the year in which said indebtedness is incurred.
2. An additional indebtedness not to exceed 10 percent for the year preceding the year in which said indebtedness is incurred for the purpose of providing water and sewage, for irrigation, domestic uses, sewerage, and other purposes upon a majority vote in favor thereof of the electors.
3. An additional indebtedness not to exceed 8 percent for the year preceding the year in which said indebtedness is incurred for the purpose of constructing street railways, electric lights, or other electric plants upon a majority vote in favor thereof of the electors.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015**

Notes to Financial Statements

Accordingly, at December 31, 2015, the City has an available legal debt limit as follows:

| 2015 Assessed Actual Value Subject to Taxation: | | | | <u>\$ 14,394,197,493</u> | |
|--|-------------------------|-------------------------|------------------------------------|------------------------------------|--|
| Category | Legal Debt Limit | | Net Bonded Debt Outstanding | Available Legal Debt Margin | |
| | Percent | Amount | | | |
| General Purpose 1 | 5.0% | \$ 719,709,875 | \$ 340,420,898 | \$ 379,288,977 | |
| Special Purpose 2 | 10.0% | 1,439,419,749 | - | 1,439,419,749 | |
| Special Purpose 3 | 8.0% | 1,151,535,799 | - | 1,151,535,799 | |
| | | <u>\$ 3,310,665,423</u> | <u>\$ 340,420,898</u> | <u>\$ 2,970,244,525</u> | |

I. Operating Leases

The City is a party to several operating leases for equipment and office space. The City has not entered into any operating leases with non-cancelable terms as of December 31, 2015. The total rental expense for operating leases for the year ended December 31, 2015, was approximately \$8,636,531.

Minimum future rentals do not include contingent rentals, which may be received during the lease period as stipulated in the various lease contracts.

J. Fund balances

The City classified fund balances within the governmental funds as follows at December 31, 2015:

| | General | Entertainment Tax | Sales and Use Tax | Community Development | Storm Drainage | Railroad Relocation | Other Governmental Funds | Total |
|----------------------------|----------------------|--------------------------|--------------------------|------------------------------|-----------------------|----------------------------|---------------------------------|-----------------------|
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Inventory | \$ 1,500,337 | \$ - | \$ - | \$ 30,565 | \$ - | \$ 27,248,687 | \$ - | \$ 28,779,589 |
| Notes Receivable | - | - | - | 318,130 | - | - | - | 318,130 |
| Permanent Fund Principal | - | - | - | - | - | - | 26,767 | 26,767 |
| Total Nonspendable | <u>1,500,337</u> | <u>-</u> | <u>-</u> | <u>348,695</u> | <u>-</u> | <u>27,248,687</u> | <u>26,767</u> | <u>29,124,486</u> |
| Restricted for: | | | | | | | | |
| Debt Service | - | - | 22,157,663 | - | - | - | 1,003,446 | 23,161,109 |
| Park and Recreation | 379,829 | - | 175,644 | - | - | - | - | 555,473 |
| Police | 70,877 | - | - | - | - | - | - | 70,877 |
| Library | 31,721 | - | - | - | - | - | 14,445 | 46,166 |
| Community Development | - | - | - | 3,121,089 | - | - | - | 3,121,089 |
| Heroic Awards | - | - | - | - | - | - | 3,653 | 3,653 |
| Flood Control | - | - | - | - | - | - | 76,610 | 76,610 |
| Events Center | - | - | - | - | - | - | 4,552,342 | 4,552,342 |
| Storm Drainage | - | - | - | - | 6,152,913 | - | - | 6,152,913 |
| Other Capital Projects | - | - | - | - | 3,326,131 | - | 2,507,993 | 5,834,124 |
| Total Restricted | <u>482,427</u> | <u>-</u> | <u>22,333,307</u> | <u>3,121,089</u> | <u>9,479,044</u> | <u>-</u> | <u>8,158,489</u> | <u>43,574,356</u> |
| Committed to: | | | | | | | | |
| Entertainment Venues | - | 6,503,267 | - | - | - | - | - | 6,503,267 |
| Debt Service | - | - | 7,725,622 | - | - | - | - | 7,725,622 |
| Other Capital Projects | - | - | 19,472,638 | - | - | - | - | 19,472,638 |
| Total Committed | <u>-</u> | <u>6,503,267</u> | <u>27,198,260</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>33,701,527</u> |
| Assigned to: | | | | | | | | |
| Transit System | - | - | - | - | - | - | 2,596,844 | 2,596,844 |
| 2016 Budget | 5,414,824 | - | - | - | - | - | - | 5,414,824 |
| Total Assigned | <u>5,414,824</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,596,844</u> | <u>8,011,668</u> |
| Unassigned: | <u>38,129,793</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,379)</u> | <u>-</u> | <u>38,127,414</u> |
| Total Fund Balances | <u>\$ 45,527,381</u> | <u>\$ 6,503,267</u> | <u>\$ 49,531,567</u> | <u>\$ 3,469,784</u> | <u>\$ 9,479,044</u> | <u>\$ 27,246,308</u> | <u>\$ 10,782,100</u> | <u>\$ 152,539,451</u> |

Notes to Financial Statements

Note 4—Joint Ventures/Related Organizations

The City of Sioux Falls is a party to two joint ventures as described below:

1. The City of Sioux Falls and Minnehaha County jointly provide funding for the **Historical Museum Trust**. The Trust provides for operation of all City- and County-owned museums. Participation in the venture is funded equally. The City contribution to the venture for the year ended December 31, 2015, was \$516,823 and is reflected as an expenditure in the General Fund. These activities are also recorded within the General Fund of the County and, accordingly, individual financial statements of the trust are not available. Complete financial statements for Minnehaha County can be obtained at their administrative offices located at 415 North Dakota Avenue in Sioux Falls, South Dakota. There is no debt specifically related to the trust. No future benefit or burden is anticipated other than the annual subsidy.
2. The City of Sioux Falls and Minnehaha County jointly provide funding for the **Siouxland Libraries**. The City received \$1,015,155 from the County for operations during 2015. All activities of the library are recorded in the General Fund.

The City is responsible for all of the board appointments of the **Sioux Falls Regional Airport Authority**; however, the City is not financially accountable for the Authority because the City does not have the ability to impose its will on the Authority, nor does it have a financial relationship that results in either a burden or a benefit to the City.

Note 5—Jointly Governed Organizations

The City is a member of the Lewis and Clark Regional Water System, Inc. (the "System"). The System's twenty members include fifteen municipalities and five rural water systems within South Dakota, Iowa, and Minnesota that provide drinking water to consumers. The System will collect, treat, and distribute drinking water to its members when the water treatment plant and pipelines are completed to members. The System is a critical supplemental water supply for the City's continued growth. The System's board of directors is comprised of twenty directors, one from each member. No member of the System has an equity interest.

The City has entered into a commitment for (1) the City's portion of the base system costs and (2) the City's costs associated with additional capacity modifications for the Lewis and Clark Regional Water System. The City is capitalizing an intangible asset to recognize its upfront payment to the System for the future option to purchase water. Such asset will be amortized over the estimated life-span of water purchases from the System.

Note 6—Commitments and Contingencies

A. Commitments

At December 31, 2015, the City has commitments on construction projects totaling \$75,704,187 as detailed in Note 3 (G).

From 2005-2010 the City has entered into commitments to pay for (1) the City's portion of base system costs and (2) the City's costs associated with additional capacity modifications for the Lewis and Clark Regional Water System discussed in Note 5. This secures 28.01 million gallons per day to ensure that future supplemental water supply needs of the City will be met.

The City's investment to date of \$75.3 million is recorded in the Water enterprise fund as an intangible asset. Of this investment, the City made prepayments equal to \$64.3 million for the City's share of the estimated project costs associated with the City's portion of base capacity and additional capacity. An interim true-up conducted between Lewis and Clark and the City shows that the City holds a credit with Lewis and Clark of \$12,318,043 (in 2014 dollars). Of that sum, \$2,866,329 has been applied to the Sioux Falls share of the 85th Street Tower and \$3,706,881 has been applied to the Sioux Falls share of two wells designated as wells "A" and "B." The Sioux Falls costs, as that term is defined in contracts between Lewis and Clark and the City, have been fully paid. The net interim credit to the City is \$5,744,832. Any remaining surplus or deficiency will be calculated for base system costs in a final true-up upon completion of the project. Construction of the overall system is 78% complete. The final commitment costs for Sioux Falls share of base system costs may be higher or lower due to cost indexing, construction over-runs, changes in federal funding, and the final number of wells actually constructed. The City is projected to owe Lewis and Clark from \$1,105,195 to \$11,669,619, depending on these various factors.

The Electric Light Fund purchases power from the Western Area Power Association and has a supplemental commitment to meet all remaining power requirements from Heartland Consumers Power District until December 31, 2036.

The City has entered into an agreement with the Department of the Army to construct a flood control structure in three phases to protect the City from future flooding of the Big Sioux River and Skunk Creek. On October 15, 2009, the City and Corps of Engineers amended the Project Cooperation Agreement to allow the City to accelerate Non-Federal Sponsor funding and advance sufficient funds in order to expedite the completion of the project.

Notes to Financial Statements

B. Contingent Liabilities

Litigation

The City is a defendant in various lawsuits. The City's legal counsel estimates that the potential claim against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City. No reserve has been recorded for any such liability arising out of the current pending litigation.

Solid Waste Landfill Closure and Post-closure Care Costs

The City owns and operates a landfill site located west of the city. State and federal laws will require the City to close the landfill once its capacity is reached and to monitor and maintain the site for 30 subsequent years. The City recognizes a portion of the closure and post-closure care costs in each operating period even though actual payments will not occur until the landfill is closed. The amount recognized each year is based on the landfill capacity used as of December 31. The change in the liability for the year ended December 31, 2015, is as follows:

| CHANGE IN LIABILITY | | Amount |
|--|--|---------------------|
| Balance at January 1 | | \$ 5,637,158 |
| Costs incurred in 2015 | | - |
| Change in liability due to usage and revision of estimates | | - |
| Balance at December 31 | | <u>\$ 5,637,158</u> |

As of December 31, 2015, the City estimates are as follows:

| Site | Used to date | Recognized Liability | Remaining | |
|-----------------|--------------|----------------------|---------------------|--------------|
| | | | Liability | Life (Years) |
| Solid Waste #1 | 100.0% | \$ 4,885,047 | \$ - | - |
| Solid Waste #2 | 7.1% | 381,224 | 4,998,193 | 67.0 |
| Rubble/Asbestos | 25.1% | 370,887 | 1,108,073 | 43.0 |
| Totals | | <u>\$ 5,637,158</u> | <u>\$ 6,106,266</u> | |

The future estimated liability for these costs will be recognized as the remaining capacity is used. The estimated costs of closure and postclosure care are subject to changes such as the effects of inflation, revision of laws, and other variables.

By local ordinance as well as state and federal laws, the City is required to establish a fund to accumulate assets needed for the actual payment of closure and postclosure care costs. Currently, assets reported as cash and cash equivalents on the combined balance sheet include \$5,637,159 held for this purpose.

Note 7—Risk Management

The City's risk management activities are recorded in the City Health/Life Benefit, Insurance Liability, and Workers' Compensation Funds. The purpose of these funds is to administer employee life, health, property and liability, and worker's compensation programs of the City on a cost-reimbursement basis. These funds account for the risk

financing activities of the City but do not constitute a transfer of risk from the City.

Significant losses are covered by commercial insurance for all major programs except workers' compensation, for which the City retains the risk of loss. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for this year or the prior two years.

The City of Sioux Falls participates in the South Dakota Public Assurance Alliance (SDPAA) which provides liability coverage to the City. A vested balance in the SDPAA Cumulative Reserve is held in reserve by SDPAA for the City of Sioux Falls and is refundable upon termination or withdrawal in good standing from the Alliance. This balance is recorded as a deposit in the Insurance Liability Fund.

The City has reported approximate aggregate liabilities in the Health/Life Benefit Fund as follows:

| | 2014 | 2015 |
|------------------------------------|---------------------|---------------------|
| Balance January 1 | \$ 2,000,000 | \$ 1,750,000 |
| Claims incurred during the year | 15,428,990 | 16,717,944 |
| Payments on claims during the year | (15,678,990) | (15,967,944) |
| Balance December 31 | <u>\$ 1,750,000</u> | <u>\$ 2,500,000</u> |

The Workers' Compensation Fund has a cash balance of \$1,938,601 at December 31, 2015, which will be used to pay current expenses of the fund. The present value of known claims against the fund is \$5,065,473. The shortfall of \$3,126,872 will be collected from the responsible funds over the life of these claims to provide adequate funding.

Unemployment compensation is charged as a current expense/expenditure to the respective funds as incurred.

Component Units

The Housing Commission and Metro Communications Agency manage risk by purchasing insurance from commercial insurance carriers for liability, workers' compensation, and employee health insurance. Paying into the unemployment compensation fund established by state law, and managed by the State of South Dakota, covers unemployment benefits.

Note 8—Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue/Economic Development Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are not general obligations, but are special, limited obligations, of the issuer, payable solely out of the revenues derived from the Agreement and pledged and assigned for their payment in accordance with the indenture. Neither the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Notes to Financial Statements

As of December 31, 2015, there was one series of Industrial Revenue/Economic Development Bonds outstanding, with an aggregate principal amount payable of \$23,955,000.

Note 9—Adoption of New Standard

As of January 1, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

| | Governmental Activities | Business-Type Activities | Component Unit | | |
|--|-------------------------|--------------------------|-------------------|-----------------------|-------------------|
| | | | Metro | Communications Agency | Total |
| Net Position, January 1, beginning as previously recorded | \$ 1,000,394,491 | \$ 425,305,705 | \$ 1,425,700,196 | \$ 2,872,065 | |
| Net Pension Liability at December 31, 2014 | (79,484,612) | (9,556,063) | (89,040,675) | 916,207 | |
| Deferred Outflows of Resources Related to Contributions made during the Year Ended December 31, 2014 | 34,037,589 | 4,288,683 | 38,326,272 | 744,637 | |
| Deferred Inflows of Resources at December 31, 2014 | (3,407,916) | (374,922) | (3,782,837) | (1,061,122) | |
| Net Position, January 1, beginning as restated | \$ 951,539,553 | \$ 419,663,403 | \$ 1,371,202,956 | \$ 3,471,787 | |
| Proprietary Funds | | | | | |
| | Electric Light | Public Parking | Sanitary Landfill | Water | Water Reclamation |
| Net Position, January 1, beginning as previously recorded | \$ 21,485,052 | \$ 13,217,253 | \$ 24,842,059 | \$ 225,158,527 | \$ 137,301,947 |
| Net Pension Liability at December 31, 2014 | (900,719) | (638,522) | (1,388,954) | (3,426,841) | (3,201,027) |
| Deferred Outflows of Resources Related to Contributions made during the Year Ended December 31, 2014 | 411,932 | 261,730 | 615,276 | 1,579,395 | 1,420,347 |
| Deferred Inflows of Resources at December 31, 2014 | (42,644) | (1,483) | (46,830) | (173,795) | (110,168) |
| Net Position, January 1, beginning as restated | \$ 20,953,621 | \$ 12,838,978 | \$ 24,021,551 | \$ 223,137,287 | \$ 135,411,099 |

Note 10—Defined Benefit Pension and Other Post-Employment Benefit Plans

A. Defined Benefit Pension Plans

Plan Description

The City of Sioux Falls administers two separate single-employer defined benefit pension plans established to provide retirement, disability, and survivor benefits for substantially all of its employees. The City Employee's Retirement System (CERS) and the City Firefighters' Pension Fund (CFPF) are considered to be part of the City of Sioux Falls' financial reporting entity and are included in the City's financial reports as Pension Trust funds; therefore, they do not issue stand-alone financial reports nor are they included in the report of another entity. Each plan's assets may be used only for the payment of benefits to the members of that plan or for payment of administrative expenses, in accordance with the terms of the plan as established or amended by City ordinance.

Management of the CERS and the CFPF is vested in the Board of Trustees. The Board of Trustees of the CERS consists of seven members including the Mayor or his designee, two members who may or may not be members of the Council appointed by the Mayor with advice and consent of the Council to represent the Council; three members selected by the membership, two of whom shall be general members elected by the general division members and one of whom shall be a police member

elected by the police division members; one resident and legal voter of the city who is not an official or employee of the city and whose membership on the Board of Trustees creates no conflict of interest.

The Board of Trustees of the CFPF consists of five members including the Mayor or his designee, one member who may or may not be a member of the Council appointed by the Mayor with advice and consent of the Council to represent the Council; two members selected by the membership, one resident and legal voter of the city who is not an official or employee of the city and whose membership on the Board of Trustees creates no conflict of interest.

Plan Membership

The CERS membership includes all uniformed and non-uniformed officers and employees who have certified civil service status and are not members or retirees of the CFPF, all officers and employees who are appointed by the Mayor and/or Council, and the Mayor. The CERS has two divisions, general and police. The police division covers all uniformed non-civilian police officers and the general division includes all members not included in the police division. The CFPF membership includes all non-civilian full-time officers and firefighters of the City.

Membership of the plans consisted of the following at December 31, 2015, the date of the last actuarial valuation:

| | CERS | CFPF |
|--|--------------|------------|
| Retirees and beneficiaries receiving benefits | 610 | 163 |
| Vested former members not yet receiving benefits | 68 | 5 |
| Active plan members | <u>764</u> | <u>158</u> |
| Total | <u>1,442</u> | <u>326</u> |

CERS general member employees are vested upon five years of service. CERS police and CFPF member employees become vested upon 15 years of service. All members of the CERS and CFPF are eligible for an actuarially reduced benefit upon completion of 20 years of service.

Benefits Provided

CERS general member employees are vested upon five years of service. CERS police and CFPF member employees become vested upon 15 years of service. All members of the CERS and CFPF are eligible for an actuarially reduced benefit upon completion of 20 years of service.

All CERS and CFPF members are eligible for a cost of living adjustment equal to the increase in the Consumer Price Index for All Urban Consumers, not to exceed 3%. Members become eligible on the first of the month following the thirty-sixth full month of retirement and each January 1 thereafter.

Notes to Financial Statements

Contributions

During FY 2015 the CERS general division member employees contributed 5 percent of their gross earnings and police division member employees contributed 10 percent of their gross earnings. CFPF member employees contributed 10 percent of their gross earnings. The employee contribution rates are established by City ordinance. Employer contributions are made throughout the year in order to aggregate the total established by actuarial valuations determined necessary to cover: 1) all administrative costs; 2) the actuarially determined cost of future benefits accruing to members during the year; and 3) an amount sufficient to amortize any unfunded liability of the system over a period of 22 years.

Investments

The pension trust funds are governed by the prudent pension rule, that is, the Board of Trustees should use the same degree of skill, care, prudence and diligence, under the circumstances then prevailing, of a prudent person, familiar with such matters and acting in a similar capacity as set forth by state law (SDCL 9-16-5.10) and City Ordinance (Section 35). Under this standard, the Board of Trustees has as established investment policy which outlines the distinction of responsibilities, prohibitions, diversification, and performance measurement standards.

The policy prohibits the use of any securities whose effect would be to leverage the portfolio or whose expected returns are significantly unlike those expected from their appropriate asset classes. The following was a Board's adopted asset allocation policy as of December 31, 2015:

| Asset Class | Target Allocation |
|-----------------------|-------------------|
| US Equity - Large Cap | 35% |
| US Equity - Small Cap | 15% |
| International Equity | 20% |
| Equity Real Estate | 5% |
| Fixed Income | 25% |
| Total | 100% |

Rate of return

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.90 percent for the CERS and 6.88 percent for the CFPF. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability at December 31, 2015 were as follows:

| | CERS | CFPF |
|--|----------------|----------------|
| Total Pension Liability | \$ 430,695,376 | \$ 157,437,460 |
| Plan Fiduciary Net Position | (360,646,586) | (128,780,292) |
| Net Pension Liability | \$ 70,048,790 | \$ 28,657,168 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 83.74% | 81.80% |
| Net Pension Liability as a percentage of Covered Payroll | 142.04% | 255.18% |

Changes in the Net Pension liability at December 31, 2015 are as follows:

| Total Pension Liability (TPL) | CERS | CFPF |
|---|------------|------------|
| Service Cost | \$ 8,300 | \$ 3,051 |
| Interest on the total Pension Liability | 30,431 | 11,177 |
| Benefit Changes | - | - |
| Actual versus expected TPL # | (192) | (723) |
| Assumption Changes | 7,740 | 2,814 |
| Benefit Payments and Refunds | (18,441) | (6,914) |
| Net Change in Total Pension Liability | 27,838 | 9,405 |
| Total Pension Liability - Beginning | \$ 402,857 | \$ 148,032 |
| Total Pension Liability - Ending (a) | \$ 430,695 | \$ 157,437 |
| Plan Fiduciary Net Position | | |
| Employer Contributions | \$ 11,418 | \$ 4,425 |
| Employee Contributions | 3,331 | 1,150 |
| Pension Plan Net Investment Income | 60 | 31 |
| Benefit Payments and Refunds | (18,441) | (6,914) |
| Pension Plan Administrative Expense | (182) | (110) |
| Other | - | - |
| Net Change in Plan Fiduciary Net Position | (3,814) | (1,418) |
| Plan Fiduciary Net Position - Beginning | 364,460 | 130,198 |
| Plan Fiduciary Net Position - Ending (b) | \$ 360,646 | \$ 128,780 |
| Net Pension Liability - Ending (a) - (b) | \$ 70,049 | \$ 28,657 |

Experience gain made negative to facilitate addition

At December 31, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | CERS | | CFPF | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference Between Expected and Actual Experience | \$ - | \$ 162,658 | \$ - | \$ 602,237 |
| Changes of Assumptions | 6,574,576 | - | 2,344,454 | - |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 22,138,440 | - | 7,898,620 | - |
| Total | \$ 28,713,016 | \$ 162,658 | \$ 10,243,074 | \$ 602,237 |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Notes to Financial Statements

| | |
|--|--|
| Inflation | 4.25% |
| Salary increases | 4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation. |
| Investment rate of return | 7.50% net of expenses |
| Post-Retirement Cost-of-Living Adjustments | Annual increase equal to 100% of the June CPI of each year with a cap of 3% applied to the member's current benefit. The first increase will be granted after 36 months of retirement. |

The Mortality rates were based on the RP-2000 male (115% of the rates for Police and Fire, and 100% for General Employees) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of December 31, 2015, these best estimates of geometric returns are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return* |
|----------------------|---|
| Domestic Stocks | 7.50% |
| International Stocks | 8.50% |
| Real Estate Equity | 4.50% |
| Domestic Bonds | 2.50% |

* Real rate of return is net of administrative and investment expenses.

Discount Rate

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%.

The table below presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher.

| Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption Results as of December 31, 2015 | | | |
|--|----------------|----------------|----------------|
| | 6.50% | 7.50% | 8.50% |
| CERS | | | |
| Total Pension Liability | \$ 488,261,980 | \$ 430,695,376 | \$ 382,879,936 |
| Plan Fiduciary Net Position | (360,646,586) | (360,646,586) | (360,646,586) |
| Net Pension Liability (Asset) | \$ 127,615,394 | \$ 70,048,790 | \$ 22,233,350 |
| CFPF | | | |
| Total Pension Liability | \$ 178,416,279 | \$ 157,437,460 | \$ 140,064,596 |
| Plan Fiduciary Net Position | (128,780,292) | (128,780,292) | (128,780,292) |
| Net Pension Liability (Asset) | \$ 49,635,987 | \$ 28,657,168 | \$ 11,284,304 |

Plan Closure – Membership in the South Dakota Retirement System

Effective July 1, 2013, the CERS and CFPF was closed to new members. All full-time employees hired after this date will become members in the state-wide South Dakota Retirement System (SDRS). SDRS is a multiple-employer, cost sharing qualified defined benefit pension plan under section 401(a) of the Internal Revenue Code and is administered by the South Dakota Retirement System Board of Trustees. It was established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Members and employers make matching pre-tax contributions, which are defined by state statute. Contributions are deposited in trust fund and invested for the exclusive benefit of members and beneficiaries. Interest is deposited once yearly on June 30th.

General employees are required by state statute to contribute 6% of their salary to the plan, while public safety employees contribute 8%. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to contribute in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. During the years ended December 31, 2015, 2014 and 2013 the cost to the City was \$686,657, \$304,164, and \$28,833 respectively.

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to SDRS

At December 31, 2015 the City reported an asset of \$1,869,433 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2015 the City's proportion was .4407703%, which was an increase from its proportion of .1273894% from its proportion measured as of December 31, 2014.

Notes to Financial Statements

For the year ended December 31, 2015 the City recognized pension revenue of \$762,269. At December 31, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference Between Expected and Actual Experience | \$ 382,775 | \$ - |
| Changes of Assumptions | 1,482,343 | - |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 1,142,005 | 2,758,385 |
| Changes in proportion and difference between City contributions and proportionate share of contributions | - | - |
| City contributions subsequent to the measurement date | 378,145 | - |
| Total | \$ 3,385,267 | \$ 2,758,385 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

| Year Ended | |
|--------------|---------------------|
| December 31: | |
| 2016 | \$ 267,988 |
| 2017 | 267,988 |
| 2018 | 173,512 |
| 2019 | 309,884 |
| 2020 | - |
| Thereafter | - |
| Total | \$ 1,019,372 |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.25% |
| Salary increases | 5.83% at entry to 3.87% after 30 years of service |
| Investment rate of return | 7.75% net of expense, including inflation |

The mortality rates were based on the RP-2000 Employee Mortality Table for males and females as appropriate.

Discount Rate

The discount rate used to measure the total pension liability was 7.25% through 2017 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of (Asset)/Liability to Changes in the Discount Rate

The following presents the net pension (asset)/liability of SDRS, calculated using the discount rate of 7.25% through 2017 and 7.50% thereafter, as well as what SDRS net pension asset would be if it were calculated using a discount rate that is 1% point lower (6.25/6.5%) or 1% point higher (8.25/8.50%) than the current rate:

| SDRS | 1% Decrease | Current Discount Rate | 1% Increase |
|---|--------------|--------------------------|---------------|
| The City's proportionate Share of the Net Pension (Asset)/Liability | \$ 4,705,341 | \$ (1,869,433) | \$(7,230,595) |

Investments

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Standard (i.e., the council should use the same degree of care as a prudent man). Current SDIC policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table using geometric means:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return* |
|---------------|-------------------|--|
| Global Equity | 61.0% | 4.5% |
| Fixed Income | 27.0% | 1.8% |
| Real Estate | 10.0% | 5.2% |
| Cash | 2.0% | 0.0% |
| | <u>100.0%</u> | |

B. Post-Employment Health Care Benefits

Plan Description

In addition to providing the pension benefits described above, City ordinance, pursuant to SDCL 6-1-16, provides for other post-employment health care benefits (OPEB) for eligible retired employees through continued participation in the City's single employer self-insured health/life benefit plan. These medical benefits are funded through an IRC section 401(h) account of the defined benefit pension plans and are subordinate to the pension benefit.

The self-insured Health/Life Benefit Plan (Plan) is an internal service fund of the City and is included within the

Notes to Financial Statements

scope of this report; therefore, it does not issue a stand-alone financial report nor is it included in the report of another entity. The benefit, benefit levels, and contribution rates are governed by the City.

The Plan provides health care benefits for eligible retired employees and beneficiaries up to the age of Medicare eligibility. The benefit levels are the same as those afforded to active employees and include both health and dental coverage. City employees are eligible for post-retirement health care benefits if they are entitled to a retirement allowance and have participated in the Plan at least five years immediately preceding separation from City employment.

The City pension trust collects employer contributions to fund future benefits. Upon retirement, the cost of premiums required to be paid to the Plan are then split equally between the retired employee and the pension trust.

Membership of the plans consisted of the following at December 31, 2015, the date of the last actuarial valuation:

| | CERS | CFPF |
|---|-----------|-----------|
| Retirees and beneficiaries receiving benefits | 78 | 36 |
| Active plan members | <u>0</u> | <u>0</u> |
| Total | <u>78</u> | <u>36</u> |

Change in Plan Design – Pension Plan

Effective January 1, 2014, access to the City's health plan is no longer available to retiring employees. In its place, the City's pension plan provides a flat dollar stipend to retirees to purchase their own health insurance. The stipend is a benefit to the employee/retiree only (no survivorship to spouse) and is given until the retiree reaches the Medicare eligible age (i.e., 65). In 2015 the amount of the stipend was \$41.20 per month per year of service, an inflationary adjustment of 3 percent is applied each year. In addition, employees increased their contributions to the pension plan by 1 percent in 2014 and 2015.

Funding Policy & Contributions

The annual actuarial valuation for OPEB as reported in the required supplementary information to this report, as well as the City's contribution rate for future years, are based upon funding OPEB in compliance with GASB Statement No. 45.

| CERS | | | |
|------|-----------------|---------------|-------------|
| | Computed | Actual | Percentage |
| | Annual Required | Contributions | Contributed |
| | Contributions | Contributions | Contributed |
| 2012 | \$ 8,149,433 | \$ 7,928,144 | 97% |
| 2013 | 7,897,193 | 7,917,354 | 100% |
| 2014 | 11,563,007 | 11,563,007 | 100% |
| 2015 | 11,397,261 | 11,417,873 | 100% |

| CFPF | | | |
|------|-----------------|---------------|-------------|
| | Computed | Actual | Percentage |
| | Annual Required | Contributions | Contributed |
| | Contributions | Contributions | Contributed |
| 2012 | \$ 2,990,124 | \$ 2,871,209 | 96% |
| 2013 | 2,860,678 | 2,816,770 | 98% |
| 2014 | 4,484,256 | 4,484,256 | 100% |
| 2015 | 4,424,656 | 4,424,656 | 100% |

Computed dollar contributions (actual contributions) are based on contribution rates and actuarially projected valuation payroll information available on the valuation date. Actual contributions are based on actuarially computed contribution rates and actual payroll. Deviations are attributable to the differences between the projected and actual payroll; however the City did contribute 100% of the actuarially determined contribution. Due to changes in the employment contracts, payroll was less than initially projected.

Funding Status and Funding Progress

The funded status of each plan as of December 31, 2015, the most recent actuarial valuation date, is as follows:

| | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b - a) / c) |
|---|-------------------------------|---|-----------------------------|----------------------|---------------------|---|
| Pension | | | | | | |
| CERS | \$363,204 | \$ 430,695 | \$ 67,491 | 84.3% | \$ 49,318 | 136.8% |
| CFPF | 129,789 | 157,437 | 27,648 | 82.4% | 11,230 | 246.2% |
| Post-Employment Health Care Benefits | | | | | | |
| CERS | \$ 24,518 | \$ 4,888 | \$ (19,630) | 501.6% | \$ 49,318 | - |
| CFPF | 6,946 | 2,634 | (4,312) | 263.7% | 11,230 | - |

Dollar amounts above are in thousands

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. The City has made all required contributions and therefore has no Net Pension Obligation at December 31, 2015.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The information as presented in the required supplementary schedules was determined as part of the annual actuarial valuations using the following actuarial methods and assumptions:

Notes to Financial Statements

| | |
|-------------------------------|---|
| Valuation Date | December 31, 2015 |
| Actuarial Cost Method | Entry-Age |
| Amortization Method | Level dollar closed |
| Remaining Amortization Period | CERS General 17 Police 12 years CFPF 12 years |
| Asset Valuation Method | Market value of assets |
| Actuarial Assumptions: | |
| Investment Rate of Return | 7.50% |
| Medical Inflation Rate | 9.0% graded down to 4.25% in 2025 |
| Dental Inflation Rate | 4.25% for all years |

Component Units

Housing Commission Retirement Plan

All eligible employees of the Housing Commission participate in the Housing Renewal and Local Agency Retirement Plan, a cost sharing, multiple-employer public employee retirement system to provide retirement benefits for employees of local or regional housing authorities and commissions, urban renewal agencies, and other organizations that are eligible to participate in this plan subject to the approval of the agreement. Eligible employees are defined as staff scheduled to work 20 or more hours per week after attaining age 18 and completing one year of continuous and uninterrupted employment. The right to receive retirement benefits is 20 percent vested after one year credited service up to 100 percent vested after five years credited service. Authority for establishing, administering, and amending plan provisions is found in Internal Revenue Code Section 401(a). The Automated Data Processing (ADP) Retirement Services issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ADP Retirement Services, 462 South 4th Avenue, Suite 900, Louisville, KY 40202, or by calling (502) 561-4550. On June 24, 2002, the Housing Commission adopted Resolution No. 268-06-02 effective July 1, 2002, which implemented a mandatory after-tax employee contribution to the plan of 1 percent of basic compensation, and a corresponding employer contribution of 4 percent of basic compensation addition. The resolution permitted employees to voluntarily contribute additional after-tax amounts in excess of the 1 percent mandatory amount, which would be treated as voluntary contributions, and for which the employer would contribute additional corresponding amounts up to a maximum of 7 percent. Beginning July 1, 2002, the full amount of the employer's contributions will be subject to the plan's vesting schedule of 20 percent for each year of the employee's participation in the plan. During the years ended September 30, 2015, 2014, and 2013, the cost to the

Commission was \$50,998, \$44,727, and \$43,721, respectively.

Metro Communications Agency Retirement Plan

All full-time employees participate in the South Dakota Retirement System (SDRS). SDRS is a multiple-employer, cost sharing qualified defined benefit pension plan under section 401(a) of the Internal Revenue Code and is administered by the South Dakota Retirement System Board of Trustees. It was established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions.

Metro identified its implicit subsidy for post-employment health care benefits other than pensions as of December 31, 2014 using the GASB developed Alternative Measurement Method (AMM) for cities and other government employers with under 100 members.

Plan Description - Retirees with 15 years continuous service with the agency and participation for at least five years immediately preceding retirement in the health, dental and/or vision plans to continue coverage until become entitled to Medicare coverage. The retiree is responsible for the total premium cost, plus an administrative fee of 2.0 percent.

Annual OPEB Cost and Net OPEB Obligation - Metro's annual OPEB cost (expense) is an "implicit subsidy" which is the difference between the actual and the apparent cost for health insurance coverage. This amount has been determined using the AMM in accordance with the parameters of GASB Statement 45. The following table shows the components of the Metro's annual OPEB implicit cost for 2015:

| | |
|--|------------|
| Annual required contribution | \$ 39,525 |
| Interest on net OPEB obligation | 395 |
| Annual OPEB cost | 39,920 |
| Contributions made | - |
| Change in net OPEB obligation | 39,920 |
| Net OPEB obligation, beginning of year | 172,133 |
| Net OPEB obligation, end of year | \$ 212,053 |

Metro's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the previous years (2014, 2013, 2012 and the year of implementation, 2011) were as follows:

| | Annual OPEB Cost | Actual Employer Contribution | Annual OPEB Cost Contributed | Net Ending OPEB Obligation |
|------|------------------|------------------------------|------------------------------|----------------------------|
| 2011 | \$ 44,071 | \$ - | 0% | \$ (44,071) |
| 2012 | 44,071 | - | 0% | (88,142) |
| 2013 | 44,071 | - | 0% | (132,213) |
| 2014 | 39,920 | - | 0% | (172,133) |
| 2015 | 39,920 | - | 0% | (212,053) |

Funded Status and Funding Progress

As of December 31, 2015, the plan was unfunded. The AMM accrued liability for benefits was \$310,068 and the AMM value of assets was \$0, resulting in an unfunded

Notes to Financial Statements

actuarial accrued liability (UAAL) of \$310,068. The covered payroll (annual payroll of active employees covered by the plan) was \$2,308,980, and the ratio of the UAAL to the covered payroll was 13.4 percent. The changes resulted in a \$4,151 decrease in the calculated Estimated Required Contribution (ARC).

AMM valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents a single year's information, as the standard was first implemented in fiscal year 2011 and recalculated in 2014, when it becomes available, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the AMM accrued liabilities for benefits will be displayed.

AMM and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

In the December 31, 2014 valuation, the AMM cost method was used. The assumptions included a 1.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation.

The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Members and employers make matching pre-tax contributions, which are defined by state statute. Contributions are deposited in trust fund and invested for the exclusive benefit of members and beneficiaries. Interest is deposited once yearly on June 30th.

As General Member, benefits and administrative expenses are funded by member and employer contributions of 6% each of employee compensation and investment income. State statute also requires the employer to contribute in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for General Employees only.

During the years ended December 31, 2015, 2014, and 2013, the cost to the Agency was \$144,888, \$136,419 and \$132,473, respectively.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

At June 30, 2015, SDRS is 104.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Agency as of this measurement period and reported by the Agency as of December 31, 2015 are as follows:

| | |
|---|---------------------|
| Proportionate share of net position restricted for pension benefits | \$ 13,821,314 |
| Less proportionate share of total pension liability | <u>(13,277,353)</u> |
| Proportionate share of net pension liability (asset) | <u>\$ (543,961)</u> |

At December 31, 2015, the Agency reported an asset of \$543,961 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015 and the total pension asset used to calculate the net pension asset was based on a projection of the Agency's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the Agency's proportion was .1282538%, which is an increase of .0010839% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Agency recognized a reduction of pension expense of \$86,548. At December 31, 2015 the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| METRO | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Difference Between Expected and Actual Experience | \$ 111,378 | \$ - |
| Changes of Assumptions | 431,327 | - |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 332,297 | 802,625 |
| Changes in proportion and difference between Agency contributions and proportionate share of contributions | - | 3,504 |
| Agency contributions subsequent to the measurement date | <u>73,437</u> | - |
| Total | <u>\$ 948,439</u> | <u>\$ 806,129</u> |

\$73,437 reported as deferred outflow of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Notes to Financial Statements

| | |
|--------------|-----------|
| Year Ended | |
| December 31: | |
| 2016 | \$ 24,757 |
| 2017 | 24,757 |
| 2018 | (70,361) |
| 2019 | 89,721 |
| 2020 | - |
| Thereafter | - |
| Total | \$ 68,874 |

Actuarial Assumptions - The total pension asset in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.25% |
| Salary increases | 5.83% at entry to 3.87% after 30 years of service |
| Investment rate of return | 7.75% net of expense, including inflation |

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best

estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return* |
|---------------|-------------------|---|
| Global Equity | 61.0% | 4.5% |
| Fixed Income | 27.0% | 1.8% |
| Real Estate | 10.0% | 5.2% |
| Cash | 2.0% | 0.0% |
| | <u>100.0%</u> | |

Discount Rate - The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of liability (asset) to changes in the discount rate - The following presents the Agency's proportionate share of net pension liability (asset) calculated using the discount rate of 7.25 percent through 2016 and 7.50 percent thereafter, as well as what the Agency's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|--------------|-----------------------|---------------|
| The City's proportionate Share of the Net Pension (Asset)/Liability | \$ 1,369,144 | \$ (543,961) | \$(2,103,933) |

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

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Notes to Financial Statements - Fiduciary Funds Statement of Net Position

| | <u>Employees' Retirement</u> | | <u>Firefighters' Pension</u> | | <u>Total Pension and Health Care Trust Funds</u> |
|--|------------------------------|---------------------|------------------------------|--------------------|--|
| | <u>Pension</u> | <u>Health Care</u> | <u>Pension</u> | <u>Health Care</u> | |
| Assets | | | | | |
| Cash and Cash Equivalents | \$ 4,750,990 | \$ 322,985 | \$ 1,662,468 | \$ 89,675 | \$ 6,826,118 |
| Receivables: | | | | | |
| Interest | 611,437 | 41,567 | 201,288 | 10,858 | 865,150 |
| Total Receivables | <u>611,437</u> | <u>41,567</u> | <u>201,288</u> | <u>10,858</u> | <u>865,150</u> |
| Investments at Fair Value: | | | | | |
| US Government | 11,663,287 | 792,902 | 5,004,353 | 269,938 | 17,730,480 |
| Corporate Obligations | 41,330,381 | 2,809,751 | 14,416,413 | 777,632 | 59,334,177 |
| Foreign Obligations | 8,244,779 | 560,502 | 1,965,347 | 106,012 | 10,876,640 |
| State and Local Obligations | 1,046,526 | 71,146 | 377,503 | 20,363 | 1,515,538 |
| Domestic Stocks | 94,589,442 | 6,430,446 | 33,355,323 | 1,799,210 | 136,174,421 |
| Foreign Stocks | 8,311,405 | 565,032 | 2,921,437 | 157,584 | 11,955,458 |
| Index Funds: | | | | | |
| Equity | 60,463,226 | 4,110,453 | 21,603,944 | 1,165,333 | 87,342,956 |
| Government / Corporate Bonds | 25,072,745 | 1,704,513 | 9,039,904 | 487,619 | 36,304,781 |
| Mutual Funds: | | | | | |
| Foreign Equity | 63,709,418 | 4,331,138 | 23,303,625 | 1,257,015 | 92,601,196 |
| Domestic Equity | 17,028,155 | 1,157,620 | 5,986,229 | 322,902 | 24,494,906 |
| Real Estate | 23,828,696 | 1,619,939 | 8,944,870 | 482,493 | 34,875,998 |
| Total Investments | <u>355,288,060</u> | <u>24,153,442</u> | <u>126,918,948</u> | <u>6,846,101</u> | <u>513,206,551</u> |
| Total Assets | <u>360,650,487</u> | <u>24,517,994</u> | <u>128,782,705</u> | <u>6,946,633</u> | <u>520,897,819</u> |
| Liabilities | | | | | |
| Total Liabilities | <u>3,901</u> | <u>265</u> | <u>2,413</u> | <u>130</u> | <u>6,709</u> |
| Net Position | | | | | |
| Restricted for Pension and Post Employment Health Care Benefits | <u>\$360,646,586</u> | <u>\$24,517,729</u> | <u>\$128,780,292</u> | <u>\$6,946,503</u> | <u>\$ 520,891,110</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

Notes to Financial Statements - Fiduciary Funds Changes in Net Position

| | Employees' Retirement | | Firefighters' Pension | | Total Pension and Health Care Trust Funds |
|--|-----------------------|---------------------|-----------------------|---------------------|---|
| | Pension | Health Care | Pension | Health Care | |
| Additions | | | | | |
| Contributions | | | | | |
| Employer | \$ 11,417,873 | \$ - | \$ 4,424,656 | \$ - | \$ 15,842,529 |
| Plan Members | 3,331,128 | - | 1,150,548 | - | 4,481,676 |
| Total Contributions | <u>14,749,001</u> | <u>-</u> | <u>5,575,204</u> | <u>-</u> | <u>20,324,205</u> |
| Investment Income (Loss) | 1,188,120 | (897,333) | 476,910 | (258,566) | 509,131 |
| Less Investment Expense | 1,128,133 | 84,913 | 445,483 | 23,446 | 1,681,975 |
| Net Investment Income (Loss) | <u>59,987</u> | <u>(982,246)</u> | <u>31,427</u> | <u>(282,012)</u> | <u>(1,172,844)</u> |
| Total Additions | <u>14,808,988</u> | <u>(982,246)</u> | <u>5,606,631</u> | <u>(282,012)</u> | <u>19,151,361</u> |
| Deductions | | | | | |
| Benefit Payments | | | | | |
| Pension | 18,173,306 | - | 6,881,461 | - | 25,054,767 |
| Health Premiums | - | 615,920 | - | 286,327 | 902,247 |
| Total Benefit Payments | <u>18,173,306</u> | <u>615,920</u> | <u>6,881,461</u> | <u>286,327</u> | <u>25,957,014</u> |
| Refunds | 267,342 | - | 32,636 | - | 299,978 |
| Administrative Expense | 181,879 | 13,565 | 109,826 | 5,467 | 310,737 |
| Total Deductions | <u>18,622,527</u> | <u>629,485</u> | <u>7,023,923</u> | <u>291,794</u> | <u>26,567,729</u> |
| Net Increase (Decrease) | (3,813,539) | (1,611,731) | (1,417,292) | (573,806) | (7,416,368) |
| Total Net Position, January 1 | <u>364,460,125</u> | <u>26,129,460</u> | <u>130,197,584</u> | <u>7,520,309</u> | <u>528,307,478</u> |
| Total Net Position, December 31 | <u>\$360,646,586</u> | <u>\$24,517,729</u> | <u>\$ 128,780,292</u> | <u>\$ 6,946,503</u> | <u>\$ 520,891,110</u> |

Required Supplementary Information - Pensions and Other Postemployment Benefits

| Schedules of Funding Progress (\$Thousand) | | | | | | |
|---|--|--|---|-----------------------------------|----------------------------------|---|
| Actuarial Valuation Date <u>December 31</u> | Actuarial Value of Assets* <u>(a)</u> | Actuarial Accrued Liability (AAL)--Entry Age <u>(b)</u> | Unfunded AAL (UAAL) <u>(b - a)</u> | Funded Ratio <u>(a / b)</u> | Covered Payroll <u>(c)</u> | UAAL as a Percentage of Covered Payroll <u>((b - a) / c)</u> |
| City Employee's Retirement System (CERS) | | | | | | |
| Pension | | | | | | |
| 2006 | \$ 213,015 | \$ 222,364 | \$ 9,349 | 95.8% | \$ 42,457 | 22.0% |
| 2007 | 238,030 | 246,148 | 8,118 | 96.7% | 44,647 | 18.2% |
| 2008 | 241,785 | 261,167 | 19,382 | 92.6% | 46,433 | 41.7% |
| 2009 | 248,955 | 283,778 | 34,823 | 87.7% | 51,510 | 67.6% |
| 2010 | 258,975 | 289,515 | 30,540 | 89.5% | 49,894 | 61.2% |
| 2011 | 263,827 | 301,724 | 37,897 | 87.4% | 50,605 | 74.9% |
| 2012 | 282,268 | 347,118 | 64,850 | 81.3% | 52,016 | 124.7% |
| 2013 | 311,445 | 373,387 | 61,942 | 83.4% | 54,261 | 114.2% |
| 2014 | 339,287 | 402,857 | 63,570 | 84.2% | 51,347 | 123.8% |
| 2015 | 363,204 | 430,695 | 67,491 | 84.3% | 49,318 | 136.8% |
| Retiree Health Plan | | | | | | |
| 2006 | \$ 5,747 | \$ 31,127 | \$ 25,380 | 18.5% | \$ 42,457 | 59.8% |
| 2007 | 8,380 | 31,759 | 23,379 | 26.4% | 44,647 | 52.4% |
| 2008 | 10,719 | 32,931 | 22,212 | 32.5% | 46,433 | 47.8% |
| 2009 | 13,474 | 36,174 | 22,700 | 37.2% | 51,510 | 44.1% |
| 2010 | 16,516 | 40,712 | 24,196 | 40.6% | 49,894 | 48.5% |
| 2011 | 19,324 | 44,491 | 25,167 | 43.4% | 50,605 | - |
| 2012 | 22,807 | 7,582 | (15,225) | 300.8% | 52,016 | - |
| 2013 | 25,970 | 6,842 | (19,128) | 379.6% | 54,261 | - |
| 2014 | 26,129 | 5,650 | (20,479) | 462.5% | 51,347 | - |
| 2015 | 24,518 | 4,888 | (19,630) | 501.6% | 49,318 | - |
| City Firefighters' Pension Fund (CFPF) | | | | | | |
| Pension | | | | | | |
| 2006 | \$ 82,155 | \$ 87,164 | \$ 5,009 | 94.3% | \$ 9,493 | 52.8% |
| 2007 | 91,114 | 95,561 | 4,447 | 95.3% | 9,991 | 44.5% |
| 2008 | 92,122 | 100,977 | 8,855 | 91.2% | 10,462 | 84.6% |
| 2009 | 93,760 | 108,557 | 14,797 | 86.4% | 11,189 | 132.2% |
| 2010 | 96,340 | 110,710 | 14,370 | 87.0% | 10,914 | 131.7% |
| 2011 | 96,992 | 115,353 | 18,361 | 84.1% | 10,828 | 169.6% |
| 2012 | 102,541 | 130,255 | 27,714 | 78.7% | 11,526 | 240.5% |
| 2013 | 111,830 | 139,069 | 27,239 | 80.4% | 11,573 | 245.7% |
| 2014 | 121,333 | 148,032 | 26,699 | 82.0% | 10,910 | 244.7% |
| 2015 | 129,789 | 157,437 | 27,648 | 82.4% | 11,230 | 246.2% |
| Retiree Health Plan | | | | | | |
| 2006 | \$ 1,711 | \$ 11,225 | \$ 9,514 | 15.2% | \$ 9,493 | 100.2% |
| 2007 | 2,542 | 10,835 | 8,293 | 23.5% | 9,991 | 83.0% |
| 2008 | 3,296 | 10,707 | 7,410 | 30.8% | 10,462 | 70.8% |
| 2009 | 4,096 | 11,597 | 7,501 | 35.3% | 11,189 | 67.0% |
| 2010 | 4,911 | 13,027 | 8,116 | 37.7% | 10,914 | 74.4% |
| 2011 | 5,709 | 13,885 | 8,176 | 41.1% | 10,828 | - |
| 2012 | 6,978 | 4,076 | (2,902) | 171.2% | 11,526 | - |
| 2013 | 7,650 | 3,344 | (4,306) | 228.8% | 11,573 | - |
| 2014 | 7,520 | 2,831 | (4,689) | 265.6% | 10,910 | - |
| 2015 | 6,946 | 2,634 | (4,312) | 263.7% | 11,230 | - |
| <small>* Includes assets held in the Unallocated Income Reserve</small> | | | | | | |

Required Supplementary Information - Pensions and Other Post Employment Benefits

| Schedules of Employer Contributions | | | | | |
|--|---|---------------|---|-----------------------------|-------------------------------|
| Year Ended December 31 | Contribution Rates as % of Payroll | | Computed Annual Required Contributions | Actual Contributions | Percentage Contributed |
| City Employee's Retirement System (CERS) | | | | | |
| Pension | General | Police | | | |
| 2006 | 9.80% | 14.84% | \$ 4,717,920 | \$ 4,928,487 | 104% |
| 2007* | 10.38% | 14.96% | 5,160,605 | 5,373,132 | 104% |
| 2008 | 9.50% | 13.36% | 4,907,566 | 4,889,940 | 100% |
| 2009 | 9.33% | 14.58% | 5,238,815 | 5,459,718 | 104% |
| 2010 | 10.93% | 17.66% | 6,470,984 | 6,591,255 | 102% |
| 2011 | 13.17% | 20.78% | 8,533,571 | 7,730,986 | 91% |
| 2012 | 12.86% | 20.72% | 8,149,433 | 7,928,104 | 97% |
| 2013 | 12.56% | 18.94% | 7,897,193 | 7,917,354 | 100% |
| 2014* | n/a | n/a | 11,563,007 | 11,563,007 | 100% |
| 2015 | n/a | n/a | 11,397,261 | 11,417,873 | 100% |
| Retiree Health Plan | | | | | |
| 2007 | 5.04% | 7.23% | \$ 2,501,513 | \$ 2,523,357 | 101% |
| 2008 | 5.49% | 7.57% | 2,816,421 | 2,820,846 | 100% |
| 2009 | 5.18% | 7.36% | 2,808,976 | 2,974,199 | 106% |
| 2010 | 5.03% | 7.45% | 2,881,839 | 2,962,801 | 103% |
| 2011 | 4.89% | 7.66% | 3,160,024 | 2,868,342 | 91% |
| 2012 | 5.53% | 8.95% | 3,510,380 | 3,418,805 | 97% |
| 2013* | 0.00% | 0.00% | - | - | 100% |
| 2014 | 0.00% | 0.00% | - | - | 100% |
| 2015 | 0.00% | 0.00% | - | - | 100% |
| <i>* New methods/assumptions or plan provisions adopted</i> | | | | | |
| City Firefighters' Pension Fund (CFPF) | | | | | |
| Pension | | | | | |
| 2006 | 16.21% | | \$ 1,526,731 | \$ 1,683,121 | 110% |
| 2007* | 17.14% | | 1,669,043 | 1,826,253 | 109% |
| 2008 | 15.99% | | 1,657,685 | 1,695,167 | 102% |
| 2009 | 16.36% | | 1,776,435 | 1,877,096 | 106% |
| 2010 | 19.97% | | 2,270,592 | 2,233,372 | 98% |
| 2011 | 24.55% | | 2,985,389 | 2,773,506 | 93% |
| 2012 | 25.21% | | 2,990,124 | 2,871,209 | 96% |
| 2013 | 24.31% | | 2,860,678 | 2,816,770 | 98% |
| 2014* | n/a | | 4,484,256 | 4,484,256 | 100% |
| 2015 | n/a | | 4,424,656 | 4,424,656 | 100% |
| Retiree Health Plan | | | | | |
| 2007 | 8.91% | | \$ 867,630 | \$ 890,208 | 103% |
| 2008 | 9.47% | | 981,756 | 990,738 | 101% |
| 2009 | 8.72% | | 946,853 | 975,694 | 103% |
| 2010 | 8.33% | | 947,122 | 937,698 | 99% |
| 2011 | 8.35% | | 1,015,397 | 944,497 | 93% |
| 2012 | 9.65% | | 1,144,573 | 1,098,951 | 96% |
| 2013* | 0.00% | | - | - | 100% |
| 2014 | 0.00% | | - | - | 100% |
| 2015 | 0.00% | | - | - | 100% |
| <i>* New methods/assumptions or plan provisions adopted</i> | | | | | |
| Note: Computed annual required contributions are based upon contribution rates and projected valuation payroll. As the City funds pension and retiree health benefits on a percentage of payroll basis, deviations between computed and actual contributions are attributable to differences between projected and actual payroll. | | | | | |

Required Supplementary Information - Fiduciary Funds (Pension Trust)

| Schedules of Changes in the Net Pension Liability and Related Ratios (\$Thousand) | | | | |
|--|---|-------------------|---|-------------------|
| Fiscal Year Ending December 31, | City Employee's Retirement System (CERS) | | City Firefighters' Pension Fund (CFPF) | |
| | 2015 | 2014 | 2015 | 2014 |
| Total Pension Liability (TPL) | | | | |
| Service Cost | \$ 8,300 | \$ 8,593 | \$ 3,051 | \$ 2,891 |
| Interest on the total Pension Liability | 30,431 | 28,266 | 11,177 | 10,499 |
| Benefit Changes | - | - | - | - |
| Actual versus expected TPL # | (192) | 6,785 | (723) | (73) |
| Assumption Changes | 7,740 | 2,210 | 2,814 | 2,188 |
| Benefit Payments and Refunds | (18,441) | (16,384) | (6,914) | (6,542) |
| Net Change in Total Pension Liability | 27,838 | 29,470 | 9,405 | 8,963 |
| Total Pension Liability - Beginning | \$ 402,857 | 373,387 | \$ 148,032 | 139,069 |
| Total Pension Liability - Ending (a) | \$ 430,695 | \$ 402,857 | \$ 157,437 | \$ 148,032 |
| Plan Fiduciary Net Position | | | | |
| Employer Contributions | \$ 11,418 | \$ 10,670 | \$ 4,425 | \$ 4,089 |
| Employee Contributions | 3,331 | 2,966 | 1,150 | 1,057 |
| Pension Plan Net Investment Income | 60 | 24,406 | 31 | 8,701 |
| Benefit Payments and Refunds | (18,441) | (16,384) | (6,914) | (6,541) |
| Pension Plan Administrative Expense | (182) | (164) | (110) | (99) |
| Other | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | (3,814) | 21,494 | (1,418) | 7,207 |
| Plan Fiduciary Net Position - Beginning | 364,460 | 342,966 | 130,198 | 122,991 |
| Plan Fiduciary Net Position - Ending (b) | \$ 360,646 | \$ 364,460 | \$ 128,780 | \$ 130,198 |
| Net Pension Liability - Ending (a) - (b) | \$ 70,049 | \$ 38,397 | \$ 28,657 | \$ 17,834 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 83.74% | 90.47% | 81.80% | 87.95% |
| Covered Employee Payroll * | \$ 49,318 | \$ 51,347 | \$ 11,230 | \$ 10,910 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 142.04% | 74.78% | 255.18% | 163.46% |
| * Payroll is pay provided in connection with the valuation as of December 31, of the applicable year | | | | |
| # Experience gain made negative to facilitate addition | | | | |

Required Supplementary Information - Fiduciary Funds (Pension Trust)

| Schedules of Employer's Net Pension Liability (\$Thousands) | | | | | | |
|---|--------------------------------|--------------------------|------------------------------|--|--------------------------|--|
| Year Ended December 31 | Total Pension Liability | Plan Net Position | Net Pension Liability | Plan Net Position as a % of Total Pension Liability | Covered Payroll * | Net Pension Liability as a % of Covered Payroll |
| City Employee's Retirement System (CERS) | | | | | | |
| 2014 | 402,857 | 364,460 | \$ 38,397 | 90.47% | \$ 51,347 | 74.78% |
| 2015 | 430,695 | 360,647 | 70,048 | 83.74% | 49,318 | 142.03% |
| City Firefighters' Pension Fund (CFPF) | | | | | | |
| 2014 | \$ 148,032 | \$130,198 | \$ 17,834 | 87.95% | \$ 10,910 | 163.46% |
| 2015 | 157,437 | 128,780 | 28,657 | 81.80% | 11,230 | 255.18% |
| <i>* Payroll is pay provided in connection with the valuation as of December 31, of the applicable year.</i> | | | | | | |
| Schedule of City's proportionate share of the Net Pension Liability/(Asset) | | | | | | |
| South Dakota Retirement System | | | As of June 30 | | | |
| | | | 2015 | 2014 | | |
| City's Proportion of the Net Pension Liability/(Asset) | | | 0.4407703% | 0.1273894% | | |
| City's Proportionate share of the Net Pension Liability/(Asset) | | | \$ (1,869,433) | \$ (917,789) | | |
| City's Covered Employee Payroll | | | \$ 9,953,235 | \$ 4,451,176 | | |
| City's Proportionate share of the Net Pension Liability/(Asset) as a Percentage of its Covered Employee Payroll | | | -18.78% | -20.62% | | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | | 104.1% | 107.3% | | |
| Schedule of City Contributions | | | | | | |
| South Dakota Retirement System | | | As of June 30 | | | |
| | | | 2015 | 2014 | | |
| Contractually Required Contribution | | | \$ 482,833 | \$ 133,661 | | |
| Contributions in Relation to the Contractually Required Contribution | | | (482,833) | (133,661) | | |
| Contribution Deficiency (Excess) | | | \$ - | \$ - | | |
| City's Covered Employee Payroll | | | 7,176,243 | 1,997,785 | | |
| Contributions as a Percentage of Covered Employee Payroll | | | 6.73% | 6.69% | | |

Required Supplementary Information - Fiduciary Funds (Pension Trust)

| Schedules of Employer Contributions (\$Thousands) | | | | | |
|---|--|---------------------------------|---|------------------------------|--|
| Year Ended December 31 | Actuarially Determined Contribution | Actual Contribution* | Contribution Deficiency (Excess) | Covered Payroll** | Actual Contribution as a % of Covered Payroll |
| City Employee's Retirement System (CERS) | | | | | |
| 2014 | \$ 11,563 | \$ 11,563 | \$ - | \$ 51,347 | 22.52% |
| 2015 | 11,397 | 11,418 | (21) | 49,318 | 23.15% |
| City Firefighters' Pension Fund (CFPF) | | | | | |
| 2014 | \$ 4,484 | \$ 4,484 | \$ - | \$ 10,910 | 41.10% |
| 2015 | 4,425 | 4,425 | - | 11,230 | 39.40% |
| <p style="font-size: small;">* Includes contributions transferred from the Unallocated Income Reserve ** Payroll is pay provided in connection with the valuation as of December 31, of the applicable year.</p> | | | | | |
| Schedule of Investment Returns | | | | | |
| | CERS | CFPF | | | |
| 2014 | 6.90% | 6.88% | | | |
| 2015 | -0.20% | -0.12% | | | |
| Notes to Schedule | | | | | |
| Valuation Date | Actuarially determined contribution amounts are calculated as of December 31 of each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. | | | | |
| Methods and Assumptions Used to Determine Contributions for the Fiscal Year Ending December 31, 2015 | | | | | |
| Actuarial Cost Method | Entry-Age Normal | | | | |
| Amortization Method | Level Dollar, Closed | | | | |
| Remaining Amortization Period | 24 Years | | | | |
| Asset Valuation Method | 5-Year smoothed market | | | | |
| Price Inflation | 4.25% | | | | |
| Salarie Increases | 4.25% to 9.25% (CERS) 8.75% (CFPF) including inflation. | | | | |
| Investment Rate of Return | 7.65% net of expenses | | | | |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2007 - 2011. | | | | |
| Mortality | RP-2000 Male (115% of the rates for Police and Fire and 100% for General employees) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB. | | | | |

Combining Statements

A. Nonmajor Special Revenue Funds

Transit Fund—to account for the provision of mass transportation services to the residents of the city. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, and billing and collection.

B. Nonmajor Debt Funds

T.I.F. District Fund—to account for the activities of the Tax Increment Financing Districts in the City of Sioux Falls.

C. Nonmajor Capital Projects Funds

Sioux Falls Flood Control Fund—to account for the upgrading of the flood control system around the city of Sioux Falls.

Culture and Recreation Bond Construction Fund—to account for the construction proceeds of the Sales/Use Tax Revenue Bonds (known as quality of life bonds). The construction proceeds are dedicated to Park and Library projects: replacement of the Drake Springs Swimming Pool, Harmodon Park development, the Main Library renovation and expansion, Prairie West Branch Library, zoo improvements, Jr. Football, and the River Greenway.

Events Center Construction Fund—to account for the construction proceeds of Sales/Use Tax Revenue Bonds (2012A and 2012B). The proceeds are dedicated to the construction of the Denny Sanford PREMIER Center.

D. Nonmajor Permanent Funds

Cottam Memorial Fund—to account for a bequest from the Cottam Estate, the interest from which is to be used to purchase medals or other awards as a reward for extraordinary meritorious or heroic service performed by any resident of the city of Sioux Falls.

Library Memorial Fund—to account for contributions provided through endowments to the Library

E. Internal Service Funds

Fleet Revolving Fund—to account for the cost of supplying automobiles and fuel to City departments. Charges are billed to departments on a cost-plus basis to defray administrative, equipment maintenance, and depreciation costs.

City Health/Life Benefit Fund—to account for both the employees' and the City's contributions toward self-insurance of City employees' health/life benefits. Reserves were established and proportioned to fund regular as well as casualty type benefits.

Workers' Compensation Fund—to account for monies provided by various City funds to be used for the payment of workers' compensation claims.

General Services Revolving Fund—to account for the cost of technology equipment used by City departments. Charges are billed to departments on a cost-plus basis to defray equipment maintenance and depreciation costs.

Insurance Liability Pool Fund—to account for all insurance transactions for City departments. This involves purchasing insurance protection, paying claims, and maintaining a reserve. Departments reimburse the fund based on allocated premiums and loss history.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015**

**Combining Balance Sheet
Nonmajor Governmental Funds**

| | Special Revenue | Debt Service | Capital Project | Permanent Funds | Total |
|--|----------------------------|-------------------------|----------------------------|----------------------------|---------------------|
| Assets | | | | | |
| Cash and Cash Equivalents | \$2,883,625 | \$1,231,275 | \$6,935,507 | \$ 44,771 | \$11,095,178 |
| Receivables: | | | | | |
| Accounts (net of allowance for uncollectibles) | 85 | - | 203,291 | - | 203,376 |
| Interest and Penalty | - | 734 | 3,736 | 94 | 4,564 |
| Total Assets | <u>\$4,171,643</u> | <u>\$1,232,009</u> | <u>\$7,142,534</u> | <u>\$ 44,865</u> | <u>\$12,591,051</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$1,574,799 | \$ 178,563 | \$ 5,589 | \$ - | \$ 1,758,951 |
| Due to Other Funds | - | 50,000 | - | - | 50,000 |
| Total Liabilities | <u>1,574,799</u> | <u>228,563</u> | <u>5,589</u> | <u>-</u> | <u>1,808,951</u> |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | 26,767 | 26,767 |
| Restricted | - | 1,003,446 | 7,136,945 | 18,098 | 8,158,489 |
| Assigned | 2,596,844 | - | - | - | 2,596,844 |
| Total Fund Balances | <u>2,596,844</u> | <u>1,003,446</u> | <u>7,136,945</u> | <u>44,865</u> | <u>10,782,100</u> |
| Total Liabilities and Fund Balances | <u>\$4,171,643</u> | <u>\$1,232,009</u> | <u>\$7,142,534</u> | <u>\$ 44,865</u> | <u>\$12,591,051</u> |

City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds

| | Special Revenue | Debt | Capital Project | Permanent Funds | Total |
|---|----------------------------|---------------------|----------------------------|----------------------------|----------------------|
| Revenues | | | | | |
| Taxes | \$ - | \$ 2,063,585 | \$ - | \$ - | \$ 2,063,585 |
| Intergovernmental | 4,023,065 | - | - | - | 4,023,065 |
| Investment Revenue | - | 2,477 | 10,804 | 182 | 13,463 |
| Contributions | - | - | 203,291 | - | 203,291 |
| Miscellaneous Revenue | 42,663 | - | 110,191 | - | 152,854 |
| Total Revenues | 4,065,728 | 2,066,062 | 324,286 | 182 | 6,456,258 |
| Expenditures | | | | | |
| Current: | | | | | |
| Culture and Recreation | - | - | 66,863 | 1,358 | 68,221 |
| Urban and Economic Development | 6,971,201 | 1,692,654 | - | - | 8,663,855 |
| Debt Service | | | | | |
| Principal | - | 105,000 | - | - | 105,000 |
| Interest and Fiscal Charges | - | 116,108 | - | - | 116,108 |
| Capital Outlay | | | | | |
| Highways and Streets | - | - | 119,108 | - | 119,108 |
| Culture and Recreation | - | - | 2,071,248 | - | 2,071,248 |
| Urban and Economic Development | 1,924,165 | - | - | - | 1,924,165 |
| Total Expenditures | 8,895,366 | 1,913,762 | 2,257,219 | 1,358 | 13,067,705 |
| Revenues Over (Under) Expenditures | (4,829,638) | 152,300 | (1,932,933) | (1,176) | (6,611,447) |
| Other Financing Sources (Uses) | | | | | |
| Sale of Surplus Property | 442 | - | - | - | 442 |
| Damage Recovery | - | - | 443,719 | - | 443,719 |
| Transfers In | 5,953,718 | - | - | - | 5,953,718 |
| Total Other Financing Sources (Uses) | 5,954,160 | - | 443,719 | - | 6,397,879 |
| Net Change in Fund Balances | 1,124,522 | 152,300 | (1,489,214) | (1,176) | (213,568) |
| Fund Balances, January 1 | 1,472,322 | 851,146 | 8,626,159 | 46,041 | 10,995,668 |
| Fund Balances, December 31 | \$ 2,596,844 | \$ 1,003,446 | \$ 7,136,945 | \$ 44,865 | \$ 10,782,100 |

City of Sioux Falls
Comprehensive Annual Financial Report
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Combining Balance Sheet
Nonmajor Special Revenue Funds

| | <u>Transit</u> | <u>Total</u> |
|--|---------------------|---------------------|
| Assets | | |
| Cash and Cash Equivalents | \$ 2,883,625 | \$ 2,883,625 |
| Receivables: | | |
| Accounts (net of allowance for uncollectibles) | 85 | 85 |
| Due from Other Governments | <u>1,287,933</u> | <u>1,287,933</u> |
| Total Assets | <u>\$ 4,171,643</u> | <u>\$ 4,171,643</u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts Payable | <u>\$ 1,574,799</u> | <u>\$ 1,574,799</u> |
| Total Liabilities | <u>1,574,799</u> | <u>1,574,799</u> |
| Fund Balances | | |
| Assigned | <u>2,596,844</u> | <u>2,596,844</u> |
| Total Fund Balances | <u>2,596,844</u> | <u>2,596,844</u> |
| Total Liabilities and Fund Balances | <u>\$ 4,171,643</u> | <u>\$ 4,171,643</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Special Revenue Funds**

| | <u>Transit</u> | <u>Total</u> |
|---------------------------------------|---------------------|---------------------|
| Revenues | | |
| Intergovernmental | \$ 4,023,065 | \$ 4,023,065 |
| Miscellaneous Revenue | 42,663 | 42,663 |
| Total Revenues | <u>4,065,728</u> | <u>4,065,728</u> |
| Expenditures | | |
| Current: | | |
| Urban and Economic Development | 6,971,201 | 6,971,201 |
| Capital Outlay | | |
| Urban and Economic Development | 1,924,165 | 1,924,165 |
| Total Expenditures | <u>8,895,366</u> | <u>8,895,366</u> |
| Revenues Over (Under) Expenditures | <u>(4,829,638)</u> | <u>(4,829,638)</u> |
| Other Financing Sources (Uses) | | |
| Sale of Surplus Property | 442 | 442 |
| Transfers In | 5,953,718 | 5,953,718 |
| Total Other Financing Sources (Uses) | <u>5,954,160</u> | <u>5,954,160</u> |
| Net Change in Fund Balances | 1,124,522 | 1,124,522 |
| Fund Balances, January 1 | <u>1,472,322</u> | <u>1,472,322</u> |
| Fund Balances, December 31 | <u>\$ 2,596,844</u> | <u>\$ 2,596,844</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Transit Fund**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------------|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 3,098,581 | \$ 5,173,455 | \$ 4,023,065 | \$ (1,150,390) |
| Miscellaneous Revenue | - | - | 42,663 | 42,663 |
| Total Revenues | <u>3,098,581</u> | <u>5,173,455</u> | <u>4,065,728</u> | <u>(1,107,727)</u> |
| Expenditures | | | | |
| Urban and Economic Development | | | | |
| Transit | <u>9,765,052</u> | <u>11,839,926</u> | <u>8,895,366</u> | <u>2,944,560</u> |
| Total Expenditures | <u>9,765,052</u> | <u>11,839,926</u> | <u>8,895,366</u> | <u>2,944,560</u> |
| Revenues Over (Under) Expenditures | <u>(6,666,471)</u> | <u>(6,666,471)</u> | <u>(4,829,638)</u> | <u>1,836,833</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Surplus Property | - | - | 442 | 442 |
| Transfers In | <u>5,953,718</u> | <u>5,953,718</u> | <u>5,953,718</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>5,953,718</u> | <u>5,953,718</u> | <u>5,954,160</u> | <u>442</u> |
| Net Change in Fund Balances | <u>(712,753)</u> | <u>(712,753)</u> | <u>1,124,522</u> | <u>1,837,275</u> |
| Fund Balances, January 1 | <u>1,472,322</u> | <u>1,472,322</u> | <u>1,472,322</u> | <u>-</u> |
| Fund Balances, December 31 | <u>\$ 759,569</u> | <u>\$ 759,569</u> | <u>\$ 2,596,844</u> | <u>\$ 1,837,275</u> |

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City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2015

**Combining Balance Sheet
 Nonmajor Debt Funds**

| | <u>T.I.F. District</u> | <u>Total</u> |
|--------------------------------------|----------------------------|---------------------|
| Assets | | |
| Cash and Cash Equivalents | \$ 1,231,275 | \$ 1,231,275 |
| Receivables: | | |
| Interest and Penalty | <u>734</u> | <u>734</u> |
| Total Assets | <u>\$ 1,232,009</u> | <u>\$ 1,232,009</u> |
| Liabilities and Fund Balances | | |
| Liabilities | | |
| Accounts Payable | \$ 178,563 | \$ 178,563 |
| Due to Other Funds | <u>50,000</u> | <u>50,000</u> |
| Total Liabilities | 228,563 | 228,563 |
| Fund Balances | | |
| Restricted | <u>1,003,446</u> | <u>1,003,446</u> |
| Total Fund Balances | <u>1,003,446</u> | <u>1,003,446</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,232,009</u> | <u>\$ 1,232,009</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Debt Funds**

| | <u>T.I.F. District</u> | <u>Total</u> |
|-----------------------------------|----------------------------|---------------------|
| Revenues | | |
| Taxes | \$ 2,063,585 | \$ 2,063,585 |
| Investment Revenue | 2,477 | 2,477 |
| Total Revenues | <u>2,066,062</u> | <u>2,066,062</u> |
| Expenditures | | |
| Current: | | |
| Urban and Economic Development | 1,692,654 | 1,692,654 |
| Debt: | | |
| Principal | 105,000 | 105,000 |
| Interest and Fiscal Charges | 116,108 | 116,108 |
| Total Expenditures | <u>1,913,762</u> | <u>1,913,762</u> |
| Net Change in Fund Balances | 152,300 | 152,300 |
| Fund Balances, January 1 | <u>851,146</u> | <u>851,146</u> |
| Fund Balances, December 31 | <u>\$ 1,003,446</u> | <u>\$ 1,003,446</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - T.I.F. District Fund

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|--------------------------|--------------------------|----------------------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 2,020,700 | \$ 2,020,700 | \$ 2,063,585 | \$ 42,885 |
| Investment Revenue | - | - | 2,477 | 2,477 |
| Total Revenues | <u>2,020,700</u> | <u>2,020,700</u> | <u>2,066,062</u> | <u>45,362</u> |
| Expenditures | | | | |
| Urban and Economic Development T.I.F. District | <u>2,040,700</u> | <u>2,040,700</u> | <u>1,913,762</u> | <u>126,938</u> |
| Total Expenditures | <u>2,040,700</u> | <u>2,040,700</u> | <u>1,913,762</u> | <u>126,938</u> |
| Revenues Over (Under) Expenditures | <u>(20,000)</u> | <u>(20,000)</u> | <u>152,300</u> | <u>172,300</u> |
| Net Change in Fund Balances | (20,000) | (20,000) | 152,300 | 172,300 |
| Fund Balances, January 1 | <u>851,146</u> | <u>851,146</u> | <u>851,146</u> | <u>-</u> |
| Fund Balances, December 31 | <u><u>\$ 831,146</u></u> | <u><u>\$ 831,146</u></u> | <u><u>\$ 1,003,446</u></u> | <u><u>\$ 172,300</u></u> |

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City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2015

**Combining Balance Sheet
 Nonmajor Capital Project Funds**

| | <u>Events Center Construction</u> | <u>Sioux Falls Flood Control</u> | <u>Culture/Rec Bond Construction</u> | <u>Total</u> |
|---|---|--|--|---------------------|
| Assets | | | | |
| Cash and Cash Equivalents | \$ 4,354,315 | \$ 1,466,146 | \$ 1,115,046 | \$ 6,935,507 |
| Receivables: | | | | |
| Accounts (net of allowance for uncollectible) | 203,291 | - | - | 203,291 |
| Interest and Penalty | 325 | 3,010 | 401 | 3,736 |
| Total Assets | <u>\$ 4,557,931</u> | <u>\$ 1,469,156</u> | <u>\$ 1,115,447</u> | <u>\$ 7,142,534</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 5,589 | \$ - | \$ - | \$ 5,589 |
| Total Liabilities | 5,589 | - | - | 5,589 |
| Fund Balances | | | | |
| Restricted | 4,552,342 | \$ 1,469,156 | \$ 1,115,447 | \$ 7,136,945 |
| Total Fund Balances | <u>4,552,342</u> | <u>1,469,156</u> | <u>1,115,447</u> | <u>7,136,945</u> |
| Total Liabilities and Fund Balances | <u>\$ 4,557,931</u> | <u>\$ 1,469,156</u> | <u>\$ 1,115,447</u> | <u>\$ 7,142,534</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Capital Project Funds**

| | <u>Events Center Construction</u> | <u>Sioux Falls Flood Control</u> | <u>Culture/Rec Bond Constuction</u> | <u>Total</u> |
|---------------------------------------|---|--|---|---------------------|
| Revenues | | | | |
| Investment Revenue | \$ 2,344 | \$ 6,056 | \$ 2,404 | \$ 10,804 |
| Contributions | 203,291 | - | - | 203,291 |
| Miscellaneous Revenue | 110,191 | - | - | 110,191 |
| Total Revenues | <u>315,826</u> | <u>6,056</u> | <u>2,404</u> | <u>324,286</u> |
| Expenditures | | | | |
| Current: | | | | |
| Culture and Recreation | 66,863 | - | - | 66,863 |
| Capital | | | | |
| Highways and Streets | - | 119,108 | - | 119,108 |
| Culture and Recreation | 1,993,127 | - | 78,121 | 2,071,248 |
| Total Expenditures | <u>2,059,990</u> | <u>119,108</u> | <u>78,121</u> | <u>2,257,219</u> |
| Revenues Over (Under) Expenditures | <u>(1,744,164)</u> | <u>(113,052)</u> | <u>(75,717)</u> | <u>(1,932,933)</u> |
| Other Financing Sources (Uses) | | | | |
| Damage Recovery | 443,719 | - | - | 443,719 |
| Total Other Financing Sources (Uses) | <u>443,719</u> | <u>-</u> | <u>-</u> | <u>443,719</u> |
| Net Change in Fund Balances | (1,300,445) | (113,052) | (75,717) | (1,489,214) |
| Fund Balances, January 1 | <u>5,852,787</u> | <u>1,582,208</u> | <u>1,191,164</u> | <u>8,626,159</u> |
| Fund Balances, December 31 | <u>\$ 4,552,342</u> | <u>\$ 1,469,156</u> | <u>\$ 1,115,447</u> | <u>\$ 7,136,945</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Events Center Construction Fund

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------------------|------------------|-------------|--------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Investment Revenue | \$ - | \$ - | \$ 2,344 | \$ 2,344 |
| Contributions | 100,000 | 100,000 | 203,291 | 103,291 |
| Miscellaneous Revenue | - | - | 110,191 | 110,191 |
| Total Revenues | 100,000 | 100,000 | 315,826 | 215,826 |
| Expenditures | | | | |
| Culture and Recreation: | | | | |
| Events Center | 100,000 | 5,631,704 | 2,059,990 | 3,571,714 |
| Total Expenditures | 100,000 | 5,631,704 | 2,059,990 | 3,571,714 |
| Revenues Over (Under) Expenditures | - | (5,531,704) | (1,744,164) | 3,787,540 |
| Other Financing Sources (Uses) | | | | |
| Damage Recovery | - | - | 443,719 | 443,719 |
| Total Other Financing Sources (Uses) | - | - | 443,719 | 443,719 |
| Net Change in Fund Balances | - | (5,531,704) | (1,300,445) | 4,231,259 |
| Fund Balances, January 1 | 5,852,787 | 5,852,787 | 5,852,787 | - |
| Fund Balances, December 31 | \$ 5,852,787 | \$ 321,083 | \$ 4,552,342 | \$ 4,231,259 |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Sioux Falls Flood Control Fund**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|------------------------------------|-------------------------|--------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment Revenue | \$ - | \$ - | \$ 6,056 | \$ 6,056 |
| Total Revenues | <u>-</u> | <u>-</u> | <u>6,056</u> | <u>6,056</u> |
| Expenditures | | | | |
| Highways and Streets: | | | | |
| Flood Control | - | 1,567,061 | 119,108 | 1,447,953 |
| Total Expenditures | <u>-</u> | <u>1,567,061</u> | <u>119,108</u> | <u>1,447,953</u> |
| Revenues Over (Under) Expenditures | <u>-</u> | <u>(1,567,061)</u> | <u>(113,052)</u> | <u>1,454,009</u> |
| Net Change in Fund Balances | - | (1,567,061) | (113,052) | 1,454,009 |
| Fund Balances, January 1 | <u>1,582,208</u> | <u>1,582,208</u> | <u>1,582,208</u> | <u>-</u> |
| Fund Balances, December 31 | <u>\$ 1,582,208</u> | <u>\$ 15,147</u> | <u>\$ 1,469,156</u> | <u>\$ 1,454,009</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Culture/Rec Bond Construction Fund

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------------|-------------------------|--------------|---------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Investment Revenue | \$ - | \$ - | \$ 2,404 | \$ 2,404 |
| Total Revenues | - | - | 2,404 | 2,404 |
| Expenditures | | | | |
| Culture and Recreation: | | | | |
| Library | - | 325,664 | 78,121 | 247,543 |
| Park | 100,000 | 100,000 | - | 100,000 |
| Total Expenditures | 100,000 | 425,664 | 78,121 | 347,543 |
| Revenues Over (Under) Expenditures | (100,000) | (425,664) | (75,717) | 349,947 |
| Net Change in Fund Balances | (100,000) | (425,664) | (75,717) | 349,947 |
| Fund Balances, January 1 | 1,191,164 | 1,191,164 | 1,191,164 | - |
| Fund Balances, December 31 | \$ 1,091,164 | \$ 765,500 | \$ 1,115,447 | \$ 349,947 |

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City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015

Combining Balance Sheet
Nonmajor Permanent Funds

| | <u>Cottam Memorial</u> | <u>Library Memorial</u> | <u>Total</u> |
|---------------------------|----------------------------|-----------------------------|------------------|
| Assets | | | |
| Cash and Cash Equivalents | \$ 5,641 | \$ 39,130 | \$ 44,771 |
| Receivables: | | | |
| Interest and Penalty | 12 | 82 | 94 |
| Total Assets | <u>\$ 5,653</u> | <u>\$ 39,212</u> | <u>\$ 44,865</u> |
| Fund Balances | | | |
| Nonspendable | \$ 2,000 | \$ 24,767 | \$ 26,767 |
| Restricted | 3,653 | 14,445 | 18,098 |
| Total Fund Balances | <u>\$ 5,653</u> | <u>\$ 39,212</u> | <u>\$ 44,865</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Permanent Funds**

| | <u>Cottam Memorial</u> | <u>Library Memorial</u> | <u>Total</u> |
|-----------------------------------|----------------------------|-----------------------------|------------------|
| Revenues | | | |
| Investment Revenue | \$ 23 | \$ 159 | \$ 182 |
| Total Revenues | <u>23</u> | <u>159</u> | <u>182</u> |
| Expenditures | | | |
| Culture and Recreation | - | 1,358 | 1,358 |
| Total Expenditures | <u>-</u> | <u>1,358</u> | <u>1,358</u> |
| Net Change in Fund Balance | 23 | (1,199) | (1,176) |
| Fund Balances, January 1 | <u>5,630</u> | <u>40,411</u> | <u>46,041</u> |
| Fund Balances, December 31 | <u>\$ 5,653</u> | <u>\$ 39,212</u> | <u>\$ 44,865</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Cottam Memorial Fund**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------------|------------------|----------|----------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Investment Revenue | \$ 50 | \$ 50 | \$ 23 | \$ (27) |
| Total Revenues | 50 | 50 | 23 | (27) |
| Expenditures | | | | |
| Public Safety | | | | |
| Cottam Memorial | 400 | 400 | - | 400 |
| Total Expenditures | 400 | 400 | - | 400 |
| Revenues Over (Under) Expenditures | (350) | (350) | 23 | 373 |
| Net Change in Fund Balance | (350) | (350) | 23 | 373 |
| Fund Balances, January 1 | 5,630 | 5,630 | 5,630 | - |
| Fund Balances, December 31 | \$ 5,280 | \$ 5,280 | \$ 5,653 | \$ 373 |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Library Memorial Fund**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|------------------------------------|------------------|-----------|-----------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Investment Revenue | \$ 500 | \$ 500 | \$ 159 | \$ (341) |
| Total Revenues | 500 | 500 | 159 | (341) |
| Expenditures | | | | |
| Culture and Recreation: | | | | |
| Library Memorial | 5,000 | 5,000 | 1,358 | 3,642 |
| Total Expenditures | 5,000 | 5,000 | 1,358 | 3,642 |
| Revenues Over (Under) Expenditures | (4,500) | (4,500) | (1,199) | 3,301 |
| Net Change in Fund Balance | (4,500) | (4,500) | (1,199) | 3,301 |
| Fund Balances, January 1 | 40,411 | 40,411 | 40,411 | - |
| Fund Balances, December 31 | \$ 35,911 | \$ 35,911 | \$ 39,212 | \$ 3,301 |

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015**

**Combining Statement of Net Position
Internal Service Funds**

| | <u>Fleet Revolving</u> | <u>City Health/Life Benefit</u> |
|---|----------------------------|---|
| Assets | | |
| Current: | | |
| Cash and Cash Equivalents | \$ 7,507,905 | \$ 10,540,155 |
| Receivables: | | |
| Accounts | 1,312 | - |
| Interest | 14,026 | 23,454 |
| Prepaid Expense | - | 310,900 |
| Inventory of Supplies | 961,692 | - |
| Total Current Assets | <u>8,484,935</u> | <u>10,874,509</u> |
| Noncurrent: | | |
| Deposits | - | - |
| Net Pension Asset | 29,499 | 4,018 |
| Buildings | 633,831 | - |
| Improvements Other Than Buildings | 207,309 | - |
| Machinery and Equipment | 35,122,450 | - |
| Construction in Progress | 26,000 | - |
| Less Accumulated Depreciation | <u>(21,219,242)</u> | <u>-</u> |
| Total Noncurrent Assets | <u>14,799,847</u> | <u>4,018</u> |
| Total Assets | <u>23,284,782</u> | <u>10,878,527</u> |
| Deferred Outflow of Resources | | |
| City Employee's Retirement System | 517,301 | 39,754 |
| South Dakota Retirement System | 53,419 | 7,276 |
| Total Deferred Outflow of Resources | <u>570,720</u> | <u>47,030</u> |
| Liabilities | | |
| Current: | | |
| Accounts Payable | 140,167 | - |
| Accrued Wages | 66,554 | 3,974 |
| Accrued Compensated Absences | 25,000 | - |
| Incurred But Not Reported Claims | - | 2,500,000 |
| Total Current Liabilities | <u>231,721</u> | <u>2,503,974</u> |
| Noncurrent: | | |
| Net Pension Liability | 1,262,018 | 96,984 |
| Accrued Compensated Absences | 140,212 | - |
| Total Noncurrent Liabilities | <u>1,402,230</u> | <u>96,984</u> |
| Total Liabilities | <u>1,633,951</u> | <u>2,600,958</u> |
| Deferred Inflow of Resources | | |
| City Employee's Retirement System | 2,931 | 225 |
| South Dakota Retirement System | 43,527 | 5,929 |
| Total Deferred Inflow of Resources | <u>46,458</u> | <u>6,154</u> |
| Net Position | | |
| Net Investment in Capital Assets | 14,770,348 | - |
| Restricted for Liability Insurance Pool | - | - |
| Restricted for Pension | 23,403 | 3,188 |
| Unrestricted | 7,381,342 | 8,315,257 |
| Total Net Position | <u>\$ 22,175,093</u> | <u>\$ 8,318,445</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 December 31, 2015

Combining Statement of Net Position
 Internal Service Funds (cont)

| Workers' Compensation | General Services Revolving | Insurance Liability Pool | Total |
|--------------------------|----------------------------------|--------------------------------|----------------------|
| \$ 1,938,601 | \$ 4,419,307 | \$ 3,668,476 | \$ 28,074,444 |
| - | - | - | 1,312 |
| - | 8,198 | 7,573 | 53,251 |
| 15,000 | - | - | 325,900 |
| - | - | - | 961,692 |
| <u>1,953,601</u> | <u>4,427,505</u> | <u>3,676,049</u> | <u>29,416,599</u> |
| - | - | 1,141,359 | 1,141,359 |
| - | 10 | - | 33,527 |
| - | - | - | 633,831 |
| - | 250,295 | - | 457,604 |
| - | 1,723,871 | - | 36,846,321 |
| - | - | - | 26,000 |
| - | (1,796,021) | - | (23,015,263) |
| <u>-</u> | <u>178,155</u> | <u>1,141,359</u> | <u>16,123,379</u> |
| <u>1,953,601</u> | <u>4,605,660</u> | <u>4,817,408</u> | <u>45,539,978</u> |
| 47,199 | - | 52,450 | 656,704 |
| - | 19 | - | 60,714 |
| <u>47,199</u> | <u>19</u> | <u>52,450</u> | <u>717,418</u> |
| 4,667 | 19,306 | 315 | 164,455 |
| 6,072 | - | 5,062 | 81,662 |
| 1,000 | - | 2,500 | 28,500 |
| - | - | - | 2,500,000 |
| <u>11,739</u> | <u>19,306</u> | <u>7,877</u> | <u>2,774,617</u> |
| 115,148 | - | 127,959 | 1,602,109 |
| 40,460 | - | 10,048 | 190,720 |
| <u>155,608</u> | <u>-</u> | <u>138,007</u> | <u>1,792,829</u> |
| <u>167,347</u> | <u>19,306</u> | <u>145,884</u> | <u>4,567,446</u> |
| 267 | - | 297 | 3,720 |
| - | 15 | - | 49,471 |
| <u>267</u> | <u>15</u> | <u>297</u> | <u>53,191</u> |
| - | 178,145 | - | 14,948,493 |
| - | - | 1,141,359 | 1,141,359 |
| - | 8 | - | 26,599 |
| <u>1,833,186</u> | <u>4,408,205</u> | <u>3,582,318</u> | <u>25,520,308</u> |
| <u>\$ 1,833,186</u> | <u>\$ 4,586,358</u> | <u>\$ 4,723,677</u> | <u>\$ 41,636,759</u> |

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015**

**Combining Statement of Revenues, Expenses and Changes
in Net Position - Internal Service Funds**

| | Fleet Revolving | City Health/Life Benefit |
|--|----------------------------|---|
| Operating Revenues: | | |
| Charges for Goods and Services - Internal | \$ 6,474,537 | \$ 12,365,455 |
| Charges for Goods and Services - Other | 256,014 | 4,574,144 |
| Total Operating Revenues | <u>6,730,551</u> | <u>16,939,599</u> |
| Operating Expenses: | | |
| Personal Services | 1,825,685 | 154,296 |
| Casualty Loss | - | 17,953,196 |
| Insurance | 109,386 | 906,664 |
| Professional Services | 79,774 | 739,373 |
| Rent | 71,724 | - |
| Repairs and Maintenance | (6,272) | - |
| Supplies and Materials | 388,698 | - |
| Utilities and Bulk Energy | 27,606 | - |
| Depreciation | 2,669,594 | - |
| Other Current Expenses | 12,048 | 200,140 |
| Total Operating Expenses | <u>5,178,243</u> | <u>19,953,669</u> |
| Operating Income (Loss) | <u>1,552,308</u> | <u>(3,014,070)</u> |
| Nonoperating Revenues (Expenses): | | |
| Investment Revenue | 31,371 | 47,606 |
| Gain (Loss) on Capital Assets | (462,484) | - |
| Miscellaneous | 10,404 | - |
| Total Nonoperating Revenues (Expenses) | <u>(420,709)</u> | <u>47,606</u> |
| Income (Loss) Before Transfers | 1,131,599 | (2,966,464) |
| Capital Contributions | 32,000 | - |
| Transfers In | 3,800 | - |
| Change in Net Position | <u>1,167,399</u> | <u>(2,966,464)</u> |
| Net Position - Beginning | 21,672,098 | 11,334,344 |
| Restatement (Note 9) | <u>(664,404)</u> | <u>(49,435)</u> |
| Net Position - Beginning, as Restated | <u>21,007,694</u> | <u>11,284,909</u> |
| Net Position - Ending | <u>\$ 22,175,093</u> | <u>\$ 8,318,445</u> |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

**Combining Statement of Revenues, Expenses and Changes
 in Net Position - Internal Service Funds (cont)**

| <u>Workers' Compensation</u> | <u>General Services Revolving</u> | <u>Insurance Liability Pool</u> | <u>Total</u> |
|----------------------------------|---|---|----------------------|
| \$ 1,300,000 | \$ 2,574,780 | \$ 1,519,324 | \$ 24,234,096 |
| - | - | - | 4,830,158 |
| <u>1,300,000</u> | <u>2,574,780</u> | <u>1,519,324</u> | <u>29,064,254</u> |
| 167,630 | 306 | 140,728 | 2,288,645 |
| 811,701 | - | 252,672 | 19,017,569 |
| 938 | - | 1,163,453 | 2,180,441 |
| 90,831 | 148,815 | 36,725 | 1,095,518 |
| 3,040 | 36,802 | 1,695 | 113,261 |
| - | - | - | (6,272) |
| 15,911 | 1,803,129 | 7,304 | 2,215,042 |
| 5 | 2,441 | 21 | 30,073 |
| - | 75,663 | - | 2,745,257 |
| 4,304 | - | 2,612 | 219,104 |
| <u>1,094,360</u> | <u>2,067,156</u> | <u>1,605,210</u> | <u>29,898,638</u> |
| <u>205,640</u> | <u>507,624</u> | <u>(85,886)</u> | <u>(834,384)</u> |
| (352) | 13,502 | 14,698 | 106,825 |
| - | - | - | (462,484) |
| - | 3,140 | 1,954,550 | 1,968,094 |
| <u>(352)</u> | <u>16,642</u> | <u>1,969,248</u> | <u>1,612,435</u> |
| 205,288 | 524,266 | 1,883,362 | 778,051 |
| - | - | - | 32,000 |
| - | 800,000 | - | 803,800 |
| <u>205,288</u> | <u>1,324,266</u> | <u>1,883,362</u> | <u>1,613,851</u> |
| 1,691,016 | 3,262,082 | 2,910,455 | 40,869,995 |
| (63,118) | 10 | (70,140) | (847,087) |
| <u>1,627,898</u> | <u>3,262,092</u> | <u>2,840,315</u> | <u>40,022,908</u> |
| <u>\$ 1,833,186</u> | <u>\$ 4,586,358</u> | <u>\$ 4,723,677</u> | <u>\$ 41,636,759</u> |

**City of Sioux Falls
Comprehensive Annual Financial Report
Year Ended December 31, 2015**

**Combining Statement of Cash Flows
Internal Service Funds**

| | Fleet Revolving | City Health/Life Benefit |
|---|----------------------------|---|
| Cash Flows from Operating Activities: | | |
| Receipts from Customers | \$ 256,014 | \$ 4,574,144 |
| Cash Receipts from Interfund Services Provided | 6,510,212 | 12,365,455 |
| Payments to Suppliers | (912,276) | (1,846,177) |
| Payment for Interfund Services Used | 12,844 | - |
| Payments to Employees | (1,788,222) | (156,543) |
| Claims Paid | - | (17,203,196) |
| Other Receipts/Payments | 10,404 | - |
| Net Cash Provided (Used) by Operating Activities | 4,088,976 | (2,266,317) |
| Cash Flows Provided (Used) By Noncapital Financing Activities: | | |
| Transfers In | 3,800 | - |
| Net Cash Flows Provided (Used) By Noncapital Financing Activities | 3,800 | - |
| Cash Flows from Capital and Related Financing Activities: | | |
| Sale of Capital Assets | 112,887 | - |
| Purchase of Capital Assets | (3,699,916) | - |
| Net Cash Flows Used by Capital and Related Financing Activities | (3,587,029) | - |
| Cash Flows from Investing Activities: | | |
| Investment Revenue Received | 27,885 | 47,808 |
| Net Increase (Decrease) in Cash and Cash Equivalents During the Year | 533,632 | (2,218,509) |
| Cash and Cash Equivalents, January 1 | 6,918,392 | 12,754,370 |
| Cash and Cash Equivalents, December 31 | \$ 7,507,905 | \$ 10,540,155 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | |
| Operating Income (Loss) | \$ 1,552,308 | \$ (3,014,070) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 2,669,594 | - |
| Pension Expense (Revenue) | (12,028) | (1,639) |
| (Increase) Decrease in - Receivables | 826 | - |
| - Inventory | (286,595) | - |
| - Due from Other Governments | 34,849 | - |
| Increase (Decrease) in - Accounts Payable | 70,127 | - |
| - Accrued Wages | 16,855 | (608) |
| - Compensated Absences | 32,636 | - |
| -Incurred But Not Reported Claims | - | 750,000 |
| Other Revenue Sources (Uses) | 10,404 | - |
| Net Cash Provided (Used) by Operating Activities | \$ 4,088,976 | \$ (2,266,317) |
| Noncash Investing, Capital and Financing Activities: | | |
| Capital Contributions | \$ 32,000 | \$ - |

City of Sioux Falls
 Comprehensive Annual Financial Report
 Year Ended December 31, 2015

Combining Statement of Cash Flows
 Internal Service Funds (cont)

| Workers' Compensation | General Services Revolving | Insurance Liability Pool | Total |
|--------------------------|----------------------------------|--------------------------------|---------------|
| \$ - | \$ - | \$ - | \$ 4,830,158 |
| 1,300,000 | 2,574,780 | 1,519,324 | 24,269,771 |
| (121,702) | (2,142,825) | (1,211,915) | (6,234,895) |
| - | - | - | 12,844 |
| (133,466) | (1,086) | (159,246) | (2,238,563) |
| (811,701) | - | (252,672) | (18,267,569) |
| - | 3,140 | 1,954,550 | 1,968,094 |
| 233,131 | 434,009 | 1,850,041 | 4,339,840 |
| - | 800,000 | - | 803,800 |
| - | 800,000 | - | 803,800 |
| - | - | - | 112,887 |
| - | - | - | (3,699,916) |
| - | - | - | (3,587,029) |
| 6,334 | 9,552 | 9,969 | 101,548 |
| 239,465 | 1,243,561 | 1,860,010 | 1,658,159 |
| 1,694,038 | 3,175,746 | 1,802,800 | 26,345,346 |
| \$ 1,938,601 | \$ 4,419,307 | \$ 3,668,476 | \$ 28,074,444 |
| \$ 205,640 | \$ 507,624 | \$ (85,886) | \$ (834,384) |
| - | 75,663 | - | 2,745,257 |
| - | (4) | - | (13,671) |
| - | - | - | 826 |
| - | 1,547 | - | (285,048) |
| - | - | - | 34,849 |
| (6,673) | (153,185) | (105) | (89,836) |
| 2,509 | (776) | 1,461 | 19,441 |
| 31,655 | - | (19,979) | 44,312 |
| - | - | - | 750,000 |
| - | 3,140 | 1,954,550 | 1,968,094 |
| \$ 233,131 | \$ 434,009 | \$ 1,850,041 | \$ 4,339,840 |
| \$ - | \$ - | \$ - | |

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Statistical Section

This part of the City of Sioux Falls' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

| Contents | Page |
|---|-------------|
| Financial Trends | 121 |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 131 |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue sources, the sales and use tax and property tax.</i> | |
| Debt Capacity | 134 |
| <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information | 138 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i> | |
| Operating Information | 140 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015**

Statistics (Unaudited)

**Table I
Net Position by Component (accrual basis of accounting)
Last Ten Fiscal Years**

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--|-----------------------|-------------------------|-------------------------|-------------------------|
| Governmental Activities | | | | |
| Net Investment in Capital Assets | \$ 536,081,574 | \$ 561,894,231 | \$ 648,991,192 | \$ 673,277,985 |
| Restricted | 35,907,724 | 79,780 | 79,780 | 17,966,676 |
| Unrestricted | <u>53,814,183</u> | <u>127,309,792</u> | <u>98,790,818</u> | <u>87,265,537</u> |
| Total Governmental Activities Net Position | <u>625,803,481</u> | <u>689,283,803</u> | <u>747,861,790</u> | <u>778,510,198</u> |
| Business-type Activities | | | | |
| Net Investment in Capital Assets | 279,304,517 | 278,787,575 | 303,460,632 | 309,430,296 |
| Restricted | 7,922,881 | 11,772,282 | 11,115,564 | 10,241,959 |
| Unrestricted | <u>18,001,306</u> | <u>25,278,087</u> | <u>17,821,082</u> | <u>20,964,162</u> |
| Total Business-type Activities Net Position | <u>305,228,704</u> | <u>315,837,944</u> | <u>332,397,278</u> | <u>340,636,417</u> |
| Primary Government | | | | |
| Net Investment in Capital Assets | 815,386,091 | 840,681,806 | 952,451,824 | 982,708,281 |
| Restricted | 43,830,605 | 11,852,062 | 11,195,344 | 28,208,635 |
| Unrestricted | <u>71,815,489</u> | <u>152,587,879</u> | <u>116,611,900</u> | <u>108,229,699</u> |
| Total Primary Government Net Position | <u>\$ 931,032,185</u> | <u>\$ 1,005,121,747</u> | <u>\$ 1,080,259,068</u> | <u>\$ 1,119,146,615</u> |

Notes: Information is presented beginning in 2002, the first year the City implemented GASB 34.

Prior to 2006 the City did not reserve for inventory and encumbrances, a prior period adjustment was also recognized for accrued compensated absences.

**Table II
Changes in Net Position (accrual basis of accounting)
Last Ten Fiscal Years**

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| General Government | \$ 16,812,452 | \$ 17,976,119 | \$ 19,856,554 | \$ 19,671,778 |
| Public Safety: | | | | |
| Fire Protection | 16,149,522 | 18,153,472 | 18,960,776 | 19,813,792 |
| Police Protection | 21,679,972 | 23,523,271 | 24,729,968 | 26,880,685 |
| Highways and Streets | 25,741,910 | 32,425,565 | 35,227,133 | 40,253,534 |
| Public Health | 6,501,873 | 7,456,691 | 7,395,904 | 8,522,189 |
| Culture and Recreation: | | | | |
| Arena | 1,592,175 | 1,287,826 | 1,252,649 | 1,479,416 |
| Libraries | 5,157,613 | 5,540,170 | 5,885,357 | 7,300,760 |
| Museum | - | - | - | - |
| Parks and Recreation | 15,269,450 | 15,671,152 | 16,608,957 | 18,677,737 |
| Pavilion | 4,178,964 | 4,439,516 | 4,949,697 | 4,067,254 |
| Entertainment Venues | - | - | - | - |
| Urban and Economic Development: | | | | |
| Convention Center/CVB | 2,342,721 | 2,623,007 | 2,753,108 | 2,878,609 |
| Community Development | 3,524,370 | 2,383,231 | 2,947,552 | 3,383,795 |
| Economic Development | - | - | - | - |
| Urban Conservation | - | - | 43,619 | 230 |
| TIF | - | - | 1,262,055 | 24,804 |
| Urban Management | 3,727,830 | 3,942,714 | 4,300,531 | 4,597,850 |
| Interest on Long-Term Debt | <u>2,334,457</u> | <u>2,037,236</u> | <u>3,270,391</u> | <u>3,669,719</u> |
| Total Governmental Activities Expenses | <u>125,013,309</u> | <u>137,459,970</u> | <u>149,444,251</u> | <u>161,222,152</u> |
| Business-type Activities: | | | | |
| Electric Light | 4,887,717 | 5,261,126 | 5,629,189 | 6,344,724 |
| Public Parking | 2,155,659 | 2,167,137 | 2,136,712 | 2,097,512 |
| Sanitary Landfill | 4,013,197 | 5,180,625 | 6,505,768 | 5,301,488 |
| Water | 14,347,689 | 18,383,876 | 19,673,830 | 21,210,264 |
| Water Reclamation | <u>10,520,479</u> | <u>12,720,089</u> | <u>14,298,947</u> | <u>15,706,439</u> |
| Total Business-type Activities Expenses | <u>35,924,741</u> | <u>43,712,853</u> | <u>48,244,446</u> | <u>50,660,427</u> |
| Total Primary Government Expenses | <u>\$ 160,938,050</u> | <u>\$ 181,172,823</u> | <u>\$ 197,688,697</u> | <u>\$ 211,882,579</u> |

**City of Sioux Falls
Comprehensive Annual Financial Report
December 31, 2015**

Statistics (Unaudited)

**Table I (continued)
Net Position by Component (accrual basis of accounting)
Last Ten Fiscal Years**

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 691,873,817 | \$ 733,682,722 | \$ 678,849,535 | \$ 786,631,533 | \$ 874,352,925 | \$ 918,392,160 |
| 18,586,803 | 50,184,507 | 146,088,172 | 82,716,805 | 42,820,388 | 479,479,484 |
| 91,720,406 | 58,553,701 | 62,181,055 | 73,999,636 | 78,103,319 | 101,372,424 |
| <u>802,181,026</u> | <u>842,420,930</u> | <u>887,118,762</u> | <u>943,347,974</u> | <u>995,276,632</u> | <u>1,499,244,068</u> |
| 310,357,701 | 306,222,298 | 313,422,448 | 338,184,588 | 355,182,015 | 373,898,313 |
| 9,536,161 | 10,194,319 | 12,013,161 | 7,185,954 | 7,221,556 | 62,285,610 |
| 29,621,665 | 44,783,731 | 55,934,423 | 58,689,906 | 62,902,134 | 67,052,069 |
| <u>349,515,527</u> | <u>361,200,348</u> | <u>381,370,032</u> | <u>404,060,448</u> | <u>425,305,705</u> | <u>503,235,992</u> |
| 1,002,231,518 | 1,039,905,020 | 992,271,983 | 1,124,816,121 | 1,229,534,940 | 1,292,290,473 |
| 28,122,964 | 60,378,826 | 158,101,333 | 89,902,759 | 50,041,944 | 541,765,094 |
| 121,342,071 | 103,337,432 | 118,115,478 | 132,689,542 | 141,005,453 | 168,424,493 |
| <u>\$ 1,151,696,553</u> | <u>\$ 1,203,621,278</u> | <u>\$ 1,268,488,794</u> | <u>\$ 1,347,408,422</u> | <u>\$ 1,420,582,337</u> | <u>\$ 2,002,480,060</u> |

**Table II (continued)
Changes in Net Position (accrual basis of accounting)
Last Ten Fiscal Years**

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 19,698,094 | \$ 18,925,343 | \$ 23,646,857 | \$ 22,764,225 | \$ 16,348,473 | \$ 16,334,862 |
| 20,696,459 | 22,561,310 | 22,623,215 | 23,171,607 | 23,480,779 | 29,139,730 |
| 27,773,190 | 28,140,528 | 29,700,193 | 31,278,051 | 30,078,133 | 35,248,787 |
| 38,319,417 | 36,280,119 | 43,039,557 | 54,540,686 | 50,902,039 | 56,557,903 |
| 8,798,356 | 9,557,232 | 9,564,179 | 10,595,323 | 10,437,257 | 11,547,827 |
| 1,380,994 | 967,075 | 1,211,388 | 1,777,882 | - | - |
| 7,296,865 | 7,078,205 | 6,754,319 | 7,499,168 | 7,418,069 | 8,239,926 |
| - | - | 405,904 | 500,311 | 546,495 | 539,345 |
| 17,222,508 | 18,701,967 | 21,450,372 | 21,946,413 | 22,364,841 | 23,234,426 |
| 4,214,023 | 4,116,408 | 4,306,766 | 4,473,733 | - | - |
| - | - | - | - | 8,023,559 | 7,434,174 |
| 790,914 | 3,500,377 | 3,981,211 | 3,278,830 | 7,347,986 | - |
| 2,575,758 | 2,218,910 | 2,053,509 | 2,108,614 | 3,547,380 | 2,763,863 |
| - | 721,274 | 1,121,581 | 1,372,882 | 4,169,374 | 6,542,252 |
| 183 | 927,142 | - | - | - | - |
| 1,894,387 | 44,109 | 76,407 | 138,618 | 731,370 | 6,971,201 |
| 3,381,835 | 4,202,759 | 4,583,659 | 4,905,606 | 5,965,110 | 6,118,661 |
| 4,779,272 | 3,991,584 | 5,349,209 | 8,130,846 | 6,790,233 | 6,626,453 |
| <u>158,822,255</u> | <u>161,934,342</u> | <u>179,868,326</u> | <u>198,482,795</u> | <u>198,151,098</u> | <u>217,299,410</u> |
| 6,876,603 | 7,488,338 | 7,671,179 | 7,853,329 | 8,481,793 | 8,808,010 |
| 1,843,744 | 2,058,951 | 2,368,883 | 2,180,294 | 2,117,596 | 2,425,374 |
| 9,073,990 | 10,846,466 | 9,271,369 | 8,371,394 | 10,866,177 | 8,660,967 |
| 20,422,425 | 21,878,919 | 24,445,511 | 26,132,387 | 25,121,815 | 26,824,293 |
| 17,350,325 | 18,184,423 | 18,604,090 | 18,703,702 | 21,064,041 | 22,193,926 |
| 55,567,087 | 60,457,097 | 62,361,032 | 63,241,106 | 67,651,422 | 68,912,570 |
| <u>\$ 214,389,342</u> | <u>\$ 222,391,439</u> | <u>\$ 242,229,358</u> | <u>\$ 261,723,901</u> | <u>\$ 265,802,520</u> | <u>\$ 286,211,980</u> |

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Statistics (Unaudited)

**Table II (cont)
Changes in Net Position (accrual basis of accounting)
Last Ten Fiscal Years**

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services | | | | |
| General Government | \$ 2,502,068 | \$ 3,083,794 | \$ 3,189,992 | \$ 2,791,359 |
| Public Health | 2,265,039 | 2,774,100 | 3,392,462 | 4,004,617 |
| Urban and Economic Development | 5,107,762 | 4,629,973 | 3,390,437 | 3,948,676 |
| Other Activities | 2,709,456 | 3,050,654 | 2,653,598 | 2,437,934 |
| Operating Grants and Contributions | 10,899,399 | 10,322,911 | 10,876,879 | 11,476,676 |
| Capital Grants and Contributions | 32,473,149 | 27,524,191 | 31,428,759 | 18,077,122 |
| Total Governmental Activities Program Revenues | <u>55,956,873</u> | <u>51,385,623</u> | <u>54,932,127</u> | <u>42,736,384</u> |
| Business-type Activities: | | | | |
| Charges for Services | | | | |
| Water | 15,910,153 | 18,044,570 | 19,814,189 | 20,980,694 |
| Water Reclamation | 8,837,777 | 10,612,568 | 12,453,800 | 14,371,411 |
| Other Activities | 12,296,924 | 14,498,484 | 16,660,758 | 17,875,020 |
| Operating Grants and Contributions | 210,285 | 7,163 | 74,516 | 16,500 |
| Capital Grants and Contributions | 9,620,305 | 6,960,242 | 10,769,116 | 3,864,064 |
| Total Business-Type Activities Program Revenues | <u>46,875,444</u> | <u>50,123,027</u> | <u>59,772,379</u> | <u>57,107,689</u> |
| Total Primary Government Program Revenues | <u>102,832,317</u> | <u>101,508,650</u> | <u>114,704,506</u> | <u>99,844,073</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (81,503,097) | (98,058,628) | (106,290,025) | (116,085,871) |
| Business-type Activities | 3,162,591 | 1,878,581 | 9,111,952 | 1,540,602 |
| Total Primary Government Net Expense | <u>(78,340,506)</u> | <u>(96,180,047)</u> | <u>(97,178,073)</u> | <u>(114,545,269)</u> |
| General Revenue and Transfers | | | | |
| Governmental Activities: | | | | |
| Taxes | | | | |
| Property Tax | 32,492,570 | 35,020,856 | 37,755,218 | 40,405,348 |
| Sales Tax | 84,449,592 | 89,810,091 | 93,503,420 | 90,768,780 |
| Frontage Tax | 6,007,541 | 7,137,175 | 8,962,556 | 9,776,145 |
| Amusement Tax | 16,647 | 17,686 | 14,304 | 13,122 |
| Unrestricted State and County Shared Revenues | 1,437,750 | 9,065,523 | 7,202,802 | 5,421,627 |
| Unrestricted Investment Earnings | 4,690,677 | 5,831,556 | 6,326,364 | 1,865,406 |
| Miscellaneous Revenue, Net | 411,619 | 828,064 | 298,205 | 304,614 |
| Transfers | 442,761 | 702,359 | (972,758) | 286,875 |
| Total Governmental Activities General Revenues | <u>129,949,157</u> | <u>148,413,310</u> | <u>153,090,111</u> | <u>148,841,917</u> |
| Business-type Activities: | | | | |
| Unrestricted Investment Earnings | 1,172,196 | 3,379,486 | 4,149,547 | 215,305 |
| Miscellaneous Revenue, Net | (513,704) | 1,521,939 | (90,904) | 2,155,706 |
| Transfers | (442,761) | (702,359) | 972,758 | (286,875) |
| Total Business-type Activities General Revenues | <u>215,731</u> | <u>4,199,066</u> | <u>5,031,401</u> | <u>2,084,136</u> |
| Total Primary Government General Revenues | <u>130,164,888</u> | <u>152,612,376</u> | <u>158,121,512</u> | <u>150,926,053</u> |
| Change in Net Position | | | | |
| Governmental Activities | 48,446,060 | 50,354,682 | 46,800,086 | 32,756,046 |
| Business-type Activities | 3,378,322 | 6,077,647 | 14,143,353 | 3,624,738 |
| Total Primary Government | <u>\$ 51,824,382</u> | <u>\$ 56,432,329</u> | <u>\$ 60,943,439</u> | <u>\$ 36,380,784</u> |

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Statistics (Unaudited)

**Table II (cont)
Changes in Net Position (accrual basis of accounting)
Last Night Fiscal Years**

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| \$ 2,884,707 | \$ 2,850,456 | \$ 3,003,165 | \$ 4,020,960 | \$ 1,637,130 | \$ 1,990,147 |
| 4,637,330 | 4,862,265 | 4,518,363 | 4,952,848 | 5,504,651 | 5,186,248 |
| 2,954,201 | 2,743,178 | 3,966,631 | 4,626,018 | 3,681,729 | 5,700,195 |
| 2,524,051 | 2,368,410 | 2,652,009 | 2,370,135 | 3,212,995 | 2,701,709 |
| 11,176,428 | 12,622,108 | 12,549,063 | 28,641,839 | 11,485,092 | 12,499,343 |
| 6,070,410 | 14,614,690 | 27,734,005 | 30,764,844 | 37,557,562 | 19,365,839 |
| <u>30,247,127</u> | <u>40,061,107</u> | <u>54,423,236</u> | <u>75,376,644</u> | <u>63,079,159</u> | <u>47,443,481</u> |
| 22,064,401 | 26,836,570 | 34,515,284 | 33,204,763 | 31,959,833 | 32,745,819 |
| 16,581,957 | 18,173,936 | 20,082,561 | 21,845,217 | 23,654,728 | 25,474,334 |
| 19,106,903 | 19,529,981 | 19,513,349 | 20,135,243 | 20,858,949 | 21,120,217 |
| 183,152 | 3,139,429 | 96,678 | 286,087 | 52,779 | (6,440) |
| 1,130,057 | 129,364 | 5,616,165 | 8,826,946 | 10,856,245 | 8,983,113 |
| <u>59,066,470</u> | <u>67,809,280</u> | <u>79,824,037</u> | <u>84,298,256</u> | <u>87,382,534</u> | <u>88,317,043</u> |
| 89,313,597 | 107,870,387 | 134,247,273 | 159,674,900 | 150,461,693 | 135,760,524 |
| (131,687,215) | (139,807,219) | (144,059,559) | (122,774,454) | 63,079,159 | (169,855,929) |
| <u>(1,390,627)</u> | <u>5,448,248</u> | <u>16,582,931</u> | <u>16,646,834</u> | <u>87,382,534</u> | <u>19,404,473</u> |
| <u>(133,077,842)</u> | <u>(134,358,971)</u> | <u>(127,476,628)</u> | <u>(106,127,620)</u> | <u>150,461,693</u> | <u>(150,451,456)</u> |
| 43,367,740 | 44,960,402 | 46,760,366 | 48,955,618 | 52,100,987 | 55,360,779 |
| 93,667,937 | 100,083,396 | 104,885,378 | 113,150,525 | 119,621,476 | 126,603,392 |
| 9,977,720 | 9,936,174 | 10,404,355 | 10,341,052 | 10,615,052 | 11,064,584 |
| 14,509 | 14,191 | 13,005 | 12,246 | 13,092 | 10,164 |
| 5,518,952 | 8,406,127 | 5,687,154 | 5,279,833 | 4,978,793 | 33,104,745 |
| 1,867,418 | 1,211,979 | 1,218,828 | 394,536 | 1,367,872 | 736,628 |
| 37,504 | 501,232 | 1,645,898 | 635,748 | 424,909 | 1,601,309 |
| <u>(2,205,824)</u> | <u>(3,000,362)</u> | <u>(472,062)</u> | <u>565,805</u> | <u>336,380</u> | <u>373,312</u> |
| <u>152,245,956</u> | <u>162,113,139</u> | <u>170,142,922</u> | <u>179,335,363</u> | <u>189,458,561</u> | <u>228,854,913</u> |
| 1,368,569 | 795,673 | 513,138 | 301,309 | 57,232 | 702,138 |
| 1,805,334 | 536,603 | 1,721,479 | 1,897,762 | 1,793,293 | 2,276,135 |
| 2,205,824 | 3,000,362 | 472,062 | (565,805) | (336,380) | (373,312) |
| <u>5,379,727</u> | <u>4,332,638</u> | <u>2,706,679</u> | <u>1,633,266</u> | <u>1,514,145</u> | <u>2,604,961</u> |
| <u>157,625,683</u> | <u>166,445,777</u> | <u>172,849,601</u> | <u>180,968,629</u> | <u>190,972,706</u> | <u>231,459,874</u> |
| 20,558,741 | 22,305,920 | 26,083,363 | 56,560,909 | 252,537,720 | 58,998,984 |
| 3,989,100 | 9,780,886 | 19,289,610 | 18,280,100 | 88,896,679 | 22,009,434 |
| <u>\$ 24,547,841</u> | <u>\$ 32,086,806</u> | <u>\$ 45,372,973</u> | <u>\$ 74,841,009</u> | <u>\$ 341,434,399</u> | <u>\$ 81,008,418</u> |

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**Table III
Fund Balances of Governmental Funds (modified accrual basis of accounting)
Last Ten Fiscal Years**

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Fund | | | | |
| Reserved | \$ 2,547,602 | \$ 2,345,190 | \$ 2,653,966 | \$ 2,554,861 |
| Unreserved Designated | - | 45,000 | - | 5,328,959 |
| Unreserved Undesignated | 31,594,925 | 36,957,503 | 42,102,855 | 35,808,242 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total General Fund | <u>\$ 34,142,527</u> | <u>\$ 39,347,693</u> | <u>\$ 44,756,821</u> | <u>\$ 43,692,062</u> |
| Sales/Use Tax Fund | | | | |
| Reserved | \$ 9,569,897 | \$ 12,879,156 | \$ 20,527,019 | \$ 19,100,806 |
| Unreserved Designated | - | 13,300,373 | 6,525,460 | 5,750,340 |
| Unreserved Undesignated | 17,229,464 | 7,124,576 | - | 1,274,156 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total Sales/Use Tax Fund | <u>\$ 26,799,361</u> | <u>\$ 33,304,105</u> | <u>\$ 27,052,479</u> | <u>\$ 26,125,302</u> |
| All Other Governmental Funds | | | | |
| Reserved | \$ 6,014,307 | \$ 5,113,227 | \$ 12,315,530 | \$ 8,474,865 |
| Unreserved Designated | - | 3,323,005 | 2,865,851 | 4,664,447 |
| Unreserved Undesignated, Reported in | | | | |
| Other Special Revenue Funds | 4,948,344 | 6,468,875 | 5,330,915 | 3,947,911 |
| Capital Projects Funds | 710,228 | 20,831,030 | 3,476,000 | 47,658,156 |
| Permanent Funds | 47,171 | 53,051 | 56,573 | 77,488 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total All Other Governmental Funds | <u>\$ 11,720,050</u> | <u>\$ 35,789,188</u> | <u>\$ 24,044,869</u> | <u>\$ 64,822,867</u> |

Note: Prior to 2006 the City did not reserve for inventory and encumbrances, a prior period adjustment was also recognized for accrued compensated absences.
Prior to 2011 the City didn't account for fund balance in accordance with GASB 54

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Statistics (Unaudited)

Table III (cont)
 Fund Balances, Governmental Funds (modified accrual basis of accounting)
 Last Ten Fiscal Years

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| \$ 2,608,443 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 4,200,651 | - | - | - | - | - |
| 37,505,330 | - | - | - | - | - |
| - | 1,937,901 | 1,891,787 | 1,595,933 | 1,457,649 | 1,500,337 |
| - | 829,586 | 660,347 | 683,099 | 679,076 | 482,427 |
| - | - | - | - | - | - |
| - | 3,878,616 | 3,802,375 | 3,812,788 | 5,348,104 | 5,414,824 |
| - | 39,547,718 | 41,387,942 | 42,029,944 | 40,739,706 | 38,129,793 |
| \$ 44,314,424 | \$ 46,193,821 | \$ 47,742,451 | \$ 48,121,764 | \$ 48,224,535 | \$ 45,527,381 |
| \$ 18,586,275 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 4,624,565 | - | - | - | - | - |
| 3,761,378 | - | - | - | - | - |
| - | 551,571 | 420,619 | 285,145 | 144,993 | - |
| - | 13,952,873 | 24,946,781 | 23,257,209 | 23,301,917 | 22,333,307 |
| - | 14,899,823 | 12,788,630 | 26,054,182 | 32,569,698 | 27,198,260 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| \$ 26,972,218 | \$ 29,404,267 | \$ 38,156,030 | \$ 49,596,536 | \$ 56,016,608 | \$ 49,531,567 |
| \$ 12,587,214 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6,709,516 | - | - | - | - | - |
| 6,068,794 | - | - | - | - | - |
| 17,499,548 | - | - | - | - | - |
| 55,079 | - | - | - | - | - |
| - | 684,040 | 612,906 | 357,059 | 362,475 | 27,624,149 |
| - | 34,986,572 | 129,162,652 | 66,122,618 | 21,676,958 | 20,758,622 |
| - | 2,168,215 | 1,852,886 | 2,869,083 | 4,155,859 | 6,503,267 |
| - | 1,271,807 | 877,595 | 1,265,043 | 1,472,322 | 2,596,844 |
| - | (163,291) | (449,552) | (157,799) | (55,192) | (2,379) |
| \$ 42,920,151 | \$ 38,947,343 | \$ 132,056,487 | \$ 70,456,004 | \$ 27,612,422 | \$ 57,480,503 |

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**Table IV
Changes in Fund Balances of Governmental Funds (modified accrual and budget basis of accounting)
Last Ten Fiscal Years**

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|-----------------------|----------------------|------------------------|----------------------|
| Revenues | | | | |
| Taxes | \$ 124,996,801 | \$ 135,566,774 | \$ 139,246,212 | \$ 140,673,212 |
| Licenses and Permits | 3,999,408 | 4,905,762 | 4,620,792 | 3,539,554 |
| Intergovernmental | 12,217,617 | 19,055,293 | 16,233,111 | 19,446,146 |
| Charges for Goods and Services | 4,864,967 | 5,749,598 | 5,983,889 | 6,454,626 |
| Fines and Forfeitures | 1,147,688 | 1,144,087 | 1,148,629 | 1,085,482 |
| Investment Revenue | 4,051,021 | 4,884,276 | 5,176,063 | 1,383,341 |
| Miscellaneous Revenue | 3,146,068 | 2,741,154 | 4,990,786 | 5,675,751 |
| Total Revenues | <u>154,423,570</u> | <u>174,046,944</u> | <u>177,399,482</u> | <u>178,258,112</u> |
| Expenditures | | | | |
| General Government | 16,016,953 | 17,521,164 | 18,930,598 | 17,773,201 |
| Public Safety | 37,719,263 | 40,596,795 | 42,147,680 | 44,280,248 |
| Highways and Streets | 15,478,630 | 18,848,850 | 19,353,843 | 22,252,260 |
| Health | 6,581,397 | 7,403,952 | 7,172,343 | 8,266,169 |
| Culture and Recreation | 18,581,950 | 19,373,119 | 19,908,324 | 21,432,196 |
| Urban and Economic Development | 8,873,409 | 8,248,768 | 10,510,757 | 9,984,869 |
| Capital Outlay | 64,356,155 | 49,661,414 | 65,176,323 | 56,928,185 |
| Debt Service: | | | | |
| Principal | 12,593,726 | 4,720,576 | 8,214,680 | 9,438,935 |
| Interest and Fiscal Charges | 2,324,911 | 2,037,236 | 3,259,583 | 3,668,192 |
| Total Expenditures | <u>182,526,394</u> | <u>168,411,874</u> | <u>194,674,131</u> | <u>194,024,255</u> |
| Revenues Over (Under) Expenditures | (28,102,824) | 5,635,070 | (17,274,649) | (15,766,143) |
| Other Financing Sources (Uses) | | | | |
| Sale of Surplus Property | 58,297 | 236,552 | 118,645 | 405,971 |
| Damage Recovery | 55,583 | 46,088 | 31,362 | 60,545 |
| Revenue Bond Proceeds | - | 26,065,912 | 3,324,260 | 51,805,000 |
| Revenue Note Proceeds | 24,412,814 | 3,256,692 | 976,468 | 1,157,796 |
| Revenue Bond Premiums | - | - | - | 611,784 |
| Transfers In | 3,397,959 | 4,259,958 | 4,510,371 | 5,869,611 |
| Transfers Out | (3,104,710) | (3,721,224) | (4,273,274) | (5,650,761) |
| Total Other Financing Sources (Uses) | <u>24,819,943</u> | <u>30,143,978</u> | <u>4,687,832</u> | <u>54,259,946</u> |
| Net Change in Fund Balances | <u>\$ (3,282,881)</u> | <u>\$ 35,779,048</u> | <u>\$ (12,586,817)</u> | <u>\$ 38,493,803</u> |
| Debt service as a percentage of noncapital expenditures | <u>12.62%</u> | <u>5.69%</u> | <u>8.86%</u> | <u>9.56%</u> |

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**Table IV (cont)
Changes in Fund Balances, Governmental Funds (modified accrual and budget basis of accounting)
Last Ten Fiscal Years**

| <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|------------------------|--------------------|-----------------------|------------------------|------------------------|----------------------|
| \$ 147,540,040 | \$ 153,664,809 | \$ 162,162,262 | \$ 172,280,837 | \$ 181,681,808 | \$ 192,686,024 |
| 3,815,042 | 3,850,330 | 4,728,556 | 6,512,105 | 5,201,772 | 5,984,144 |
| 17,471,105 | 19,409,318 | 15,120,477 | 31,623,322 | 16,304,696 | 44,640,901 |
| 7,105,551 | 7,230,413 | 7,144,723 | 7,352,652 | 7,208,017 | 7,057,084 |
| 881,888 | 702,752 | 714,023 | 704,678 | 572,024 | 653,200 |
| 1,442,577 | 934,139 | 1,070,144 | 228,324 | 1,158,275 | 482,795 |
| 4,190,847 | 4,205,420 | 7,231,142 | 7,833,232 | 3,011,667 | 4,612,269 |
| <u>182,447,050</u> | <u>189,997,181</u> | <u>198,171,327</u> | <u>226,535,150</u> | <u>215,138,259</u> | <u>256,116,417</u> |
| 18,004,633 | 17,921,999 | 21,612,706 | 20,787,239 | 14,452,567 | 15,217,034 |
| 46,407,723 | 48,072,844 | 49,510,099 | 51,520,665 | 52,592,613 | 57,246,696 |
| 22,169,072 | 20,424,966 | 22,680,005 | 30,826,489 | 25,975,498 | 26,526,746 |
| 8,620,518 | 9,358,568 | 9,244,495 | 10,232,689 | 10,146,920 | 10,662,930 |
| 20,965,099 | 21,157,732 | 21,940,762 | 24,635,024 | 25,903,109 | 25,226,642 |
| 9,048,244 | 10,793,599 | 10,848,808 | 10,803,811 | 20,663,276 | 21,336,137 |
| 65,534,796 | 46,455,185 | 68,211,982 | 108,296,798 | 83,016,103 | 62,055,526 |
| 21,135,030 | 11,293,473 | 12,494,028 | 11,596,998 | 11,682,203 | 10,683,225 |
| 4,878,135 | 4,169,210 | 5,651,169 | 7,581,748 | 7,262,401 | 6,947,931 |
| <u>216,763,250</u> | <u>189,647,576</u> | <u>222,194,054</u> | <u>276,281,461</u> | <u>251,694,690</u> | <u>235,902,867</u> |
| (34,316,200) | 349,605 | (24,022,727) | (49,746,311) | (36,556,431) | 20,213,550 |
| 502,223 | 76,344 | 1,169,154 | 42,993 | 66,963 | 91,122 |
| 44,742 | 76,424 | 72,997 | 213,379 | 311,798 | 807,902 |
| 12,060,000 | - | 122,145,000 | - | - | - |
| 444,298 | 42,438 | - | 161,000 | 339,000 | - |
| 650,701 | - | 4,617,175 | - | - | - |
| 4,550,672 | 5,018,331 | 5,129,447 | 6,477,228 | 8,042,446 | 7,049,671 |
| (4,369,874) | (5,224,504) | (5,701,509) | (6,928,953) | (8,524,515) | (7,476,359) |
| <u>13,882,762</u> | <u>(10,967)</u> | <u>127,432,264</u> | <u>(34,353)</u> | <u>235,692</u> | <u>472,336</u> |
| <u>\$ (20,433,438)</u> | <u>\$ 338,638</u> | <u>\$ 103,409,537</u> | <u>\$ (49,780,664)</u> | <u>\$ (36,320,739)</u> | <u>\$ 20,685,886</u> |
| <u>17.20%</u> | <u>10.80%</u> | <u>11.78%</u> | <u>11.42%</u> | <u>11.23%</u> | <u>10.14%</u> |

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**Table V
Changes in Fund Balance of General Fund (modified accrual and budget basis of accounting)
Last Ten Fiscal Years**

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|---|---------------------|---------------------|---------------------|-----------------------|
| Revenues | | | | |
| Taxes | | | | |
| Property | \$ 32,492,570 | \$ 35,009,375 | \$ 37,718,048 | \$ 40,358,347 |
| Sales | 41,290,585 | 44,412,516 | 45,179,704 | 42,553,435 |
| Other | 3,089,865 | 3,919,394 | 4,387,614 | 4,976,406 |
| Total Taxes | <u>76,873,020</u> | <u>83,341,285</u> | <u>87,285,366</u> | <u>87,888,188</u> |
| Licenses and Permits | 3,994,868 | 4,905,762 | 4,620,792 | 3,539,554 |
| Intergovernmental (Federal/State/County) | 6,800,111 | 8,848,960 | 9,441,843 | 10,970,956 |
| Charges for Goods and Services | 4,170,337 | 5,057,163 | 5,239,486 | 5,634,877 |
| Fines and Forfeitures | 1,147,628 | 1,143,907 | 1,148,449 | 1,085,442 |
| Investment Revenue | 2,798,696 | 3,805,690 | 3,521,754 | 846,766 |
| Miscellaneous Revenue | 881,627 | 698,400 | 790,844 | 866,295 |
| Total Revenues | <u>96,666,287</u> | <u>107,801,167</u> | <u>112,048,534</u> | <u>110,832,078</u> |
| Expenditures | | | | |
| General Government | | | | |
| Mayor | 355,082 | 462,053 | 482,716 | 552,909 |
| City Council | 550,830 | 751,053 | 862,401 | 911,259 |
| Attorney | 792,977 | 787,333 | 855,156 | 1,280,165 |
| Human Resources | 1,056,691 | 1,102,426 | 1,213,365 | 974,435 |
| Finance | 1,728,177 | 1,755,834 | 1,787,373 | 1,809,256 |
| Facilities Management | 855,214 | 916,160 | 1,009,385 | 1,138,947 |
| Technology | 1,982,735 | 2,184,895 | 2,249,456 | 2,307,844 |
| Multimedia Support | 1,145,606 | 1,298,716 | 1,344,077 | 1,453,607 |
| General Government Services | 1,995,890 | 2,122,452 | 2,200,117 | - |
| Total General Government | <u>10,463,202</u> | <u>11,380,922</u> | <u>12,004,046</u> | <u>10,428,422</u> |
| Public Safety | | | | |
| Fire | 16,109,952 | 17,481,869 | 18,103,593 | 18,690,779 |
| Police | 21,629,120 | 23,114,926 | 24,044,087 | 25,584,887 |
| Total Public Safety | <u>37,739,072</u> | <u>40,596,795</u> | <u>42,147,680</u> | <u>44,275,666</u> |
| Highways and Streets | | | | |
| Highways and Streets | - | - | - | - |
| Engineering | 4,957,935 | 4,151,742 | 4,249,447 | 4,168,845 |
| Public Works Administration | 504,657 | 541,562 | 574,159 | 591,377 |
| Streets | 8,978,377 | 12,929,372 | 13,030,131 | 15,189,084 |
| Total Highways and Streets | <u>14,440,969</u> | <u>17,622,676</u> | <u>17,853,737</u> | <u>19,949,306</u> |
| Health | | | | |
| Health | 6,571,869 | 6,910,881 | 7,145,393 | 8,266,169 |
| Total Health | <u>6,571,869</u> | <u>6,910,881</u> | <u>7,145,393</u> | <u>8,266,169</u> |
| Culture and Recreation | | | | |
| Arena | 1,109,475 | 936,685 | 786,866 | 994,336 |
| Libraries | 4,714,700 | 4,936,087 | 5,175,035 | 5,825,832 |
| Museum | - | - | - | - |
| Parks and Recreation | 11,024,797 | 11,652,371 | 12,155,931 | 12,865,181 |
| Total Culture and Recreation | <u>16,848,972</u> | <u>17,525,143</u> | <u>18,117,832</u> | <u>19,685,349</u> |
| Urban and Economic Development | | | | |
| Urban Management | 3,762,714 | 4,002,749 | 4,246,092 | 4,483,698 |
| Economic Development | - | - | - | - |
| Convention and Visitors Bureau | 840,427 | 911,813 | 914,107 | 920,464 |
| Total Urban and Economic Development | <u>4,603,141</u> | <u>4,914,562</u> | <u>5,160,199</u> | <u>5,404,162</u> |
| Capital Outlay | 384,590 | 41,096 | 7,695 | - |
| Debt Service | 61,354 | 48,735 | - | - |
| Total Expenditures | <u>91,113,169</u> | <u>99,040,810</u> | <u>102,436,582</u> | <u>108,009,074</u> |
| Revenues Over (Under) Expenditures | 5,553,118 | 8,760,357 | 9,611,952 | 2,823,004 |
| Other Financing Sources (Uses) | | | | |
| Sale of Surplus Property | 2 | 71,299 | 39,928 | 63,132 |
| Damage Recovery | 32,769 | 36,856 | 30,522 | 53,289 |
| Transfers In | 430,777 | 28,939 | - | - |
| Transfers Out | (2,604,500) | (3,692,285) | (4,273,274) | (4,004,184) |
| Total Other Financing Sources (Uses) | <u>(2,140,952)</u> | <u>(3,555,191)</u> | <u>(4,202,824)</u> | <u>(3,887,763)</u> |
| Net Change in Fund Balances | <u>\$ 3,412,166</u> | <u>\$ 5,205,166</u> | <u>\$ 5,409,128</u> | <u>\$ (1,064,759)</u> |

2006 - City Clerk function was transferred from City Attorney to City Council.

2007 - Facilities Mgmt. moved from Public Works to Central Svcs. Moved Media Svcs from Planning to Central Svcs. Traffic function moved from Engineering to Streets.

2009 - Human Relations moved from Human Resources to Attorneys.

2011 - Economic Development moved from Community Development Fund to General Fund.

2014 - Engineering, Public Works Administration, and Streets combined into Highways and Streets.

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**Table V (cont)
Changes in Fund Balance of General Fund (modified accrual and budget basis of accounting)
Last Ten Fiscal Years**

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------|---------------|---------------|---------------|---------------|----------------|
| \$ 43,285,448 | \$ 44,794,010 | \$ 46,479,615 | \$ 48,547,852 | \$ 51,025,183 | \$ 53,344,081 |
| 44,185,430 | 45,595,567 | 48,440,527 | 52,178,569 | 54,863,132 | 58,087,990 |
| 5,147,690 | 6,676,312 | 6,998,774 | 7,103,162 | 7,453,511 | 7,611,387 |
| 92,618,568 | 97,065,889 | 101,918,916 | 107,829,583 | 113,341,826 | 119,043,458 |
| 3,815,042 | 3,763,867 | 4,641,986 | 6,423,094 | 5,113,607 | 5,891,551 |
| 10,202,261 | 9,814,327 | 10,880,892 | 17,362,249 | 11,257,014 | 11,861,325 |
| 6,201,681 | 6,289,241 | 6,191,797 | 6,415,678 | 7,208,017 | 6,820,346 |
| 881,688 | 689,632 | 713,903 | 704,498 | 572,024 | 653,200 |
| 806,670 | 354,009 | 240,101 | 250,368 | 287,741 | 416,004 |
| 753,663 | 778,646 | 622,844 | 701,851 | (41,859) | (751,315) |
| 115,279,573 | 118,755,611 | 125,210,439 | 139,687,321 | 137,738,370 | 143,934,569 |
| 531,333 | 443,749 | 473,597 | 468,731 | 486,805 | 529,895 |
| 989,622 | 1,086,030 | 1,128,872 | 1,176,930 | 1,432,756 | 1,248,982 |
| 1,351,325 | 1,320,480 | 1,391,259 | 1,525,591 | 1,514,218 | 1,611,802 |
| 957,127 | 997,934 | 1,085,707 | 1,160,908 | 1,400,287 | 1,462,764 |
| 1,801,664 | 1,840,322 | 1,930,484 | 2,103,038 | 2,300,092 | 2,600,444 |
| 1,162,025 | 1,046,649 | 1,251,256 | 1,563,602 | 2,629,310 | 2,732,090 |
| 2,603,369 | 2,520,429 | 2,478,745 | 2,796,073 | 2,945,098 | 3,263,792 |
| 1,395,922 | 1,369,715 | 1,437,298 | 1,468,512 | 1,680,651 | 1,740,244 |
| - | - | - | - | - | - |
| 10,792,387 | 10,625,308 | 11,177,218 | 12,263,385 | 14,389,217 | 15,190,013 |
| 19,491,168 | 20,750,996 | 21,001,392 | 21,636,701 | 22,524,449 | 25,558,281 |
| 26,916,555 | 27,321,848 | 28,508,707 | 29,883,964 | 30,031,803 | 31,572,267 |
| 46,407,723 | 48,072,844 | 49,510,099 | 51,520,665 | 52,556,252 | 57,130,548 |
| - | - | - | - | 23,420,694 | 24,407,469 |
| 4,020,082 | 4,036,602 | 6,645,450 | 6,786,725 | - | - |
| 610,943 | 608,936 | 121,547 | 127,132 | - | - |
| 15,759,767 | 13,218,199 | 13,281,917 | 21,722,615 | - | - |
| 20,390,792 | 17,863,737 | 20,048,914 | 28,636,472 | 23,420,694 | 24,407,469 |
| 8,613,334 | 8,970,053 | 9,244,495 | 10,232,689 | 10,146,920 | 10,662,930 |
| 8,613,334 | 8,970,053 | 9,244,495 | 10,232,689 | 10,146,920 | 10,662,930 |
| 851,594 | 482,396 | 738,271 | - | - | - |
| 5,999,393 | 5,995,092 | 5,670,724 | 6,131,686 | 6,301,074 | 6,611,144 |
| - | - | 405,904 | 500,311 | 524,813 | 518,610 |
| 12,054,837 | 13,123,012 | 13,394,238 | 14,752,548 | 14,857,493 | 15,635,862 |
| 18,905,824 | 19,600,500 | 20,209,137 | 21,384,545 | 21,683,380 | 22,765,616 |
| 4,611,536 | 4,139,373 | 4,488,083 | 4,776,886 | 4,914,879 | 5,070,746 |
| - | 721,274 | 1,121,581 | 1,372,882 | 4,135,110 | 4,806,417 |
| 898,967 | 2,000,697 | 2,229,291 | 2,413,865 | - | - |
| 5,510,503 | 6,861,344 | 7,838,955 | 8,563,633 | 9,049,989 | 9,877,163 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 110,620,563 | 111,993,786 | 118,028,818 | 132,601,389 | 131,246,452 | 140,033,739 |
| 4,659,010 | 6,761,825 | 7,181,621 | 7,085,932 | 6,491,918 | 3,900,830 |
| 38,484 | 69,171 | 37,760 | 37,917 | 52,052 | 54,524 |
| 44,742 | 29,680 | 30,758 | 184,417 | 184,248 | 73,851 |
| - | - | - | - | - | - |
| (4,119,874) | (4,981,279) | (5,701,509) | (6,928,953) | (6,625,447) | (6,726,359) |
| (4,036,648) | (4,882,428) | (5,632,991) | (6,706,619) | (6,389,147) | (6,597,984) |
| \$ 622,362 | \$ 1,879,397 | \$ 1,548,630 | \$ 379,313 | \$ 102,771 | \$ (2,697,154) |

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**Table VI
General Governmental Tax Revenues by Source (modified accrual basis of accounting) ¹
Last Ten Fiscal Years**

| Fiscal Year | General Property Tax | General Sales Tax 1st Penny | Capital Improvement Sales Tax 2nd Penny ² | Entertainment Tax | Lodging Tax | Hotel BID Tax | Frontage Taxes | Other Taxes | Total Taxes |
|--------------------|-----------------------------|------------------------------------|---|--------------------------|--------------------|----------------------|-----------------------|--------------------|--------------------|
| 2006 | \$ 32,492,570 | \$41,290,585 | \$ 38,066,640 | \$ 4,335,280 | \$ 504,266 | \$ - | \$ 6,007,541 | \$ 66,018 | \$122,762,900 |
| 2007 | 35,020,856 | 44,412,516 | 40,896,501 | 4,776,914 | 564,869 | - | 7,137,175 | 77,988 | 132,886,819 |
| 2008 | 37,755,218 | 45,179,704 | 41,568,499 | 5,127,021 | 572,173 | - | 8,962,556 | 81,041 | 139,246,212 |
| 2009 | 40,405,348 | 42,553,435 | 42,166,089 | 5,075,988 | 575,752 | - | 9,776,145 | 120,455 | 140,673,212 |
| 2010 | 43,367,740 | 44,185,430 | 44,117,913 | 5,161,263 | 586,679 | - | 9,977,720 | 143,295 | 147,540,040 |
| 2011 | 44,960,402 | 45,595,567 | 45,590,313 | 5,355,242 | 631,663 | 1,408,076 | 9,936,174 | 187,372 | 153,664,809 |
| 2012 | 46,760,366 | 48,440,527 | 48,424,657 | 5,747,678 | 675,164 | 1,560,033 | 10,404,355 | 149,482 | 162,162,262 |
| 2013 | 48,955,618 | 52,178,569 | 52,167,149 | 6,079,136 | 755,119 | 1,683,799 | 10,341,052 | 120,395 | 172,280,837 |
| 2014 | 52,100,987 | 54,863,132 | 54,860,726 | 6,417,220 | 847,049 | 1,851,167 | 10,615,052 | 126,475 | 181,681,808 |
| 2015 | 55,407,666 | 58,087,990 | 58,087,425 | 7,027,300 | 955,585 | 1,955,180 | 11,064,584 | 100,294 | 192,686,024 |

¹ Includes General, Special Revenue, Debt Service, and Capital Projects Funds

² Prior to 2009 the rate of the second penny was .92

**Table VII
Direct and Overlapping Property Tax Rates (\$ / \$ thousand of taxable value)
Last Ten Fiscal Years**

| Fiscal Year | City Direct Operating Rate² | Overlapping Rates ¹ | | | | Total Rate |
|--------------------|---|---------------------------------------|----------------|-------------------------|---------------|-------------------|
| | | COUNTYS | | SCHOOL DISTRICTS | | |
| | | Minnehaha | Lincoln | Sioux Falls | Others | |
| 2006 | \$ 4.41 | \$ 2.72 | \$ 2.49 | \$ 9.78 | 9.53-12.90 | 16.43-20.03 |
| 2007 | 4.36 | 2.82 | 2.30 | 9.34 | 9.19-12.13 | 15.85-19.31 |
| 2008 | 4.32 | 2.89 | 2.30 | 8.69 | 8.70-11.75 | 15.31-18.96 |
| 2009 | 4.36 | 2.87 | 2.30 | 8.51 | 8.58-12.01 | 15.17-19.24 |
| 2010 | 4.47 | 2.96 | 2.24 | 8.46 | 8.75-12.65 | 15.17-20.08 |
| 2011 | 4.50 | 2.95 | 2.36 | 8.37 | 8.75-12.59 | 15.23-20.04 |
| 2012 | 4.68 | 3.08 | 2.51 | 8.39 | 8.75-11.78 | 15.58-19.54 |
| 2013 | 4.95 | 3.57 | 2.48 | 8.48 | 8.74-12.38 | 15.91-20.90 |
| 2014 | 5.04 | 3.54 | 2.44 | 8.94 | 10.62-13.03 | 16.42-21.64 |
| 2015 | 4.96 | 3.42 | 2.31 | 8.88 | 10.6-13.11 | 16.15-21.49 |

Source: Minnehaha and Lincoln Counties

¹ Overlapping rates are those of school and county governments that apply to property owners within the City of Sioux Falls.

² The City has no other components to the direct rate other than the operating component.

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**Table VIII
Assessed Value and Estimated Actual Value of Taxable Property¹
Last Ten Fiscal Years**

| Fiscal Year Payable | Real Property | | Public Utilities | | Total | | Ratio Taxable to Actual Assessed Value | Total Direct Tax Rate | Estimated Market Value |
|---------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|--|-----------------------|------------------------|
| | Assessed Taxable Value | Assessed Actual Value | Assessed Taxable Value | Assessed Actual Value | Assessed Taxable Value | Assessed Actual Value | | | |
| 2006 | \$ 7,217,883,831 | \$ 11,020,592,245 | \$ 165,008,254 | \$ 213,996,785 | \$ 7,382,892,085 | \$ 11,234,589,030 | 65.7% | \$ 4.41 | \$ 8,685,755,394 |
| 2007 | 7,901,458,319 | 8,829,865,051 | 152,668,331 | 200,331,347 | 8,054,126,650 | 9,030,196,398 | 89.2% | 4.36 | 9,475,443,118 |
| 2008 | 8,646,643,147 | 13,560,540,549 | 154,115,978 | 204,492,227 | 8,800,759,125 | 13,765,032,776 | 63.9% | 4.32 | 10,353,834,265 |
| 2009 | 9,175,055,869 | 14,298,501,995 | 162,602,022 | 214,877,938 | 9,337,657,891 | 14,513,379,933 | 64.3% | 4.36 | 10,985,479,872 |
| 2010 | 9,558,700,595 | 14,826,787,286 | 155,886,943 | 205,541,580 | 9,714,587,538 | 15,032,328,866 | 64.6% | 4.47 | 11,428,926,515 |
| 2011 | 9,774,481,787 | 14,949,677,877 | 112,385,245 | 154,556,400 | 9,886,867,032 | 15,104,234,277 | 65.5% | 4.50 | 11,631,608,273 |
| 2012 | 9,771,039,956 | 15,415,801,252 | 111,237,720 | 156,453,466 | 9,882,277,676 | 15,572,254,718 | 63.5% | 4.68 | 11,626,209,031 |
| 2013 | 9,671,376,920 | 15,407,007,598 | 116,229,089 | 162,711,418 | 9,787,606,009 | 15,569,719,016 | 62.9% | 4.95 | 11,514,830,599 |
| 2014 | 9,924,745,622 | 15,916,737,274 | 119,935,862 | 167,674,120 | 10,044,681,484 | 16,084,411,394 | 62.4% | 5.04 | 11,817,272,334 |
| 2015 | 10,548,239,769 | 14,221,291,850 | 131,847,637 | 172,905,643 | 10,675,087,406 | 14,394,197,493 | 74.2% | 4.96 | 12,558,926,360 |

Source: Minnehaha and Lincoln Counties

¹ Beginning in 1997, the taxable value is set by the state based on sales ratios and cannot be less than 85% of the assessed value.

**Table IX
Property Tax Levies and Collections¹
Last Ten Fiscal Years**

| Fiscal Year | Total Tax Levy | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Total Collections as Percent of Current Levy | Total Direct Rate Applied ² |
|-------------|----------------|-------------------------|---------------------------|----------------------------|-----------------------|--|--|
| 2006 | \$ 32,584,086 | \$ 31,890,255 | 97.87% | \$ 691,517 | \$ 32,581,772 | 99.99% | 4.41 |
| 2007 | 35,104,133 | 34,438,322 | 98.10% | 636,292 | 35,074,614 | 99.92% | 4.36 |
| 2008 | 37,997,562 | 37,002,971 | 97.38% | 919,465 | 37,922,436 | 99.80% | 4.32 |
| 2009 | 40,701,216 | 39,541,018 | 97.15% | 997,879 | 40,538,897 | 99.60% | 4.36 |
| 2010 | 43,460,122 | 42,212,148 | 97.13% | 615,271 | 42,827,419 | 98.54% | 4.47 |
| 2011 | 44,468,887 | 43,492,915 | 97.81% | 870,726 | 44,363,641 | 99.76% | 4.50 |
| 2012 | 46,275,785 | 45,509,306 | 98.34% | 628,639 | 46,137,945 | 99.70% | 4.68 |
| 2013 | 48,578,743 | 47,633,072 | 98.05% | 410,090 | 48,043,162 | 98.90% | 4.95 |
| 2014 | 50,690,690 | 49,972,765 | 98.58% | 593,436 | 50,566,201 | 99.75% | 5.04 |
| 2015 | 53,102,806 | 52,500,037 | 98.86% | 515,165 | 53,015,202 | 99.84% | 4.96 |

¹ Tax collections do not include mobile home taxes, payments-in-lieu of taxes, tax increment financing, refunds, additions and abatements.

² Total Tax Levy divided by Total Assessed Taxable Value

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**Table X
Principal Property Taxpayers
Current Year and Ten Years Ago**

| 2014 TOTAL ASSESSED TAXABLE VALUATION | | <u>\$ 10,675,087,406</u> | | | 2015 | | 2006 | |
|--|------------------|------------------------------|------|--|------------------------------|------|--|---------------------------|
| Taxpayer | Type of Business | Assessed Taxable Value | Rank | % of Total City Taxable Assessed Value | Assessed Taxable Value | Rank | % of Total City Taxable Assessed Value | |
| | | | | | | | | Lloyd Property Management |
| Empire Mall Properties | Shopping Malls | 111,476,123 | 2 | 1.04% | 108,281,677 | 1 | 1.32% | |
| Sanford Health (Sioux Valley Hospital) | Medical | 109,385,982 | 3 | 1.02% | 58,208,824 | 2 | 0.71% | |
| Avera Health (Presentation Sisters) | Medical | 59,040,410 | 4 | 0.55% | 35,776,423 | 6 | 0.44% | |
| Wal-Mart (Wal-Mart & Sams) | Retail | 45,665,935 | 7 | 0.43% | 32,818,200 | 7 | 0.40% | |
| Ronning Enterprises | Real Estate | 42,390,582 | 6 | 0.40% | 23,970,665 | 10 | 0.29% | |
| Dunham Homes LLC | Real Estate | 42,080,021 | 7 | 0.39% | 38,489,363 | 5 | 0.47% | |
| Billion Family | Auto Dealer | 40,654,086 | 8 | 0.38% | - | - | n/a | |
| 123 Sioux Falls LLC (Citibank) | Financial | 35,426,340 | 9 | 0.33% | 38,524,944 | 4 | 0.47% | |
| First National Bank | Financial | 32,732,582 | 10 | 0.31% | - | - | n/a | |
| Heart Hospital of South Dakota | Medical | - | - | - | - | - | n/a | |
| Wells Fargo Bank | Financial | - | - | - | 40,041,848 | 3 | 0.49% | |
| John Morrell & Company | Meat Processing | - | - | - | 27,252,732 | 8 | 0.33% | |
| Menards | Building Centers | - | - | - | 24,679,114 | 9 | 0.30% | |
| Totals | | <u>\$ 692,259,433</u> | | <u>6.48%</u> | <u>\$ 428,043,790</u> | | <u>5.22%</u> | |

Source: Minnehaha County, Assessors Office
Note: Taxpayer name is the current taxpayer name of record.

**Table XI
Taxable Sales by Category (in thousands)
Last Ten Fiscal Years**

| Fiscal Year | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Agriculture, Forestry, & Fishing | \$ 25,834 | \$ 27,998 | \$ 30,455 | \$ 30,109 | \$ 34,217 | \$ 34,398 | \$ 32,140 | \$ 47,412 | \$ 40,346 | \$ 52,794 |
| Mining & Construction | 5,109 | 5,883 | 6,564 | 5,900 | 72,059 | 83,920 | 91,603 | 118,073 | 115,797 | 113,977 |
| Manufacturing | 157,938 | 148,733 | 156,820 | 122,441 | 153,925 | 156,037 | 163,755 | 184,485 | 189,881 | 189,362 |
| Transportation & Public Utilities | 198,355 | 186,646 | 203,780 | 190,471 | 535,418 | 465,213 | 513,651 | 570,470 | 603,805 | 609,153 |
| Wholesale Trade | 343,124 | 335,133 | 345,012 | 271,275 | 282,323 | 318,290 | 307,140 | 342,703 | 355,854 | 371,604 |
| Retail Trade | 2,152,396 | 2,348,563 | 2,419,152 | 2,217,304 | 2,396,416 | 2,519,526 | 2,690,145 | 2,816,150 | 2,980,629 | 3,155,507 |
| Finance, Insurance, & Realestate | 160,630 | 158,274 | 141,429 | 140,461 | 110,884 | 102,645 | 132,323 | 147,735 | 148,218 | 171,440 |
| Services | 690,822 | 751,113 | 745,272 | 679,137 | 861,798 | 914,367 | 950,807 | 1,037,637 | 1,095,413 | 1,188,977 |
| Public Administration | 152 | 145 | 126 | 347 | 108 | 313 | 424 | 362 | 399 | 390 |
| Other | 164 | 290 | 500 | - | 21 | 393 | 2,108 | - | - | 92 |
| Total | <u>\$ 3,734,524</u> | <u>\$ 3,962,778</u> | <u>\$ 4,049,110</u> | <u>\$ 3,657,445</u> | <u>\$ 4,447,169</u> | <u>\$ 4,595,102</u> | <u>\$ 4,884,096</u> | <u>\$ 5,265,027</u> | <u>\$ 5,530,342</u> | <u>\$ 5,853,296</u> |

Source: State of South Dakota, Department of Revenue
* Beginning in 2010 taxable sales was reported by municipality general sales not portion of State taxable sales.

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Table XII
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | | | Business-Type Activities | | | | | Total Primary Government | Percent of Personal Income ¹ | Per Capita ¹ |
|-------------|-------------------------|--|----------------------------|------------------|----------------|--------------------------|---------------|--------------------------------|----------------------------|----------------|--------------------------|---|-------------------------|
| | Sales Tax Revenue Bonds | Tax Increment Financing District Bonds | State Revolving Fund Notes | State Flex Notes | Capital Leases | Revenue Bonds | Capital Lease | Solid Waste Management Program | State Revolving Fund Notes | | | | |
| 2006 | \$ 29,250,000 | \$ - | \$ 34,117,258 | \$ - | \$ 820,230 | \$ 3,320,000 | \$ - | \$ - | \$ 54,428,646 | \$ 121,936,134 | 1.46% | \$ 840 | |
| 2007 | 51,510,000 | - | 36,078,376 | - | 705,216 | 72,975,000 | 1,293,093 | - | 70,128,428 | 232,690,113 | 2.61% | 1,569 | |
| 2008 | 47,869,260 | 2,290,000 | 33,581,292 | - | 639,087 | 72,615,000 | 2,607,051 | - | 70,950,917 | 230,552,607 | 2.44% | 1,527 | |
| 2009 | 93,844,260 | 2,290,000 | 31,202,120 | - | 1,123,535 | 70,000,000 | 1,395,499 | - | 77,430,319 | 277,285,733 | 2.93% | 1,808 | |
| 2010 | 89,668,892 | 2,290,000 | 27,949,710 | - | 866,187 | 70,000,000 | 1,066,607 | 1,141,862 | 85,183,251 | 277,041,877 | 3.66% | 1,791 | |
| 2011 | 82,186,334 | 2,265,000 | 24,103,169 | - | 595,556 | 70,000,000 | 723,323 | 866,945 | 99,127,657 | 278,931,650 | 3.89% | 1,785 | |
| 2012 | 200,242,566 | 2,245,000 | 20,121,899 | - | 310,809 | 70,000,000 | - | 585,113 | 110,610,843 | 404,116,230 | 2.88% | 2,529 | |
| 2013 | 192,398,979 | 2,225,000 | 16,065,849 | 161,000 | 209,860 | 68,245,000 | - | 296,191 | 110,068,515 | 389,670,394 | 2.99% | 2,401 | |
| 2014 | 184,695,392 | 2,165,000 | 11,933,506 | 500,000 | - | 66,430,000 | - | - | 100,706,937 | 366,430,835 | 3.29% | 2,210 | |
| 2015 | 177,986,405 | 2,060,000 | 7,785,280 | 500,000 | - | 64,545,000 | - | - | 88,464,577 | 341,341,262 | n/a | 2,010 | |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
¹ See table XX for personal income and population data.

Table XIII
 Legal Debt Margin Information
 Last Ten Fiscal Years

| Fiscal Year | Debt Limit | Total Net Debt Applicable to the Limit | Legal Debt Margin | Total Net Debt Applicable to the Limit as a % of Debt Limit |
|-------------|----------------|--|-------------------|---|
| 2006 | \$ 408,947,421 | \$ 121,936,134 | \$ 287,011,287 | 29.82% |
| 2007 | 449,437,665 | 232,690,113 | 216,747,552 | 51.77% |
| 2008 | 498,140,662 | 235,834,871 | 262,305,791 | 47.34% |
| 2009 | 519,839,269 | 277,285,733 | 242,553,536 | 53.34% |
| 2010 | 542,615,737 | 277,041,878 | 265,573,859 | 51.06% |
| 2011 | 544,274,817 | 279,867,984 | 264,406,833 | 51.42% |
| 2012 | 562,770,056 | 404,116,230 | 158,653,826 | 71.81% |
| 2013 | 558,825,994 | 389,670,394 | 169,155,600 | 69.73% |
| 2014 | 563,851,959 | 366,046,341 | 197,805,618 | 64.92% |
| 2015 | 719,709,875 | 340,420,898 | 379,288,977 | 47.30% |

Note: Details regarding the City's legal debt limit can be found in the notes to the financial statements

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**Table XIV
Computation of Direct and Overlapping Debt**

| Government | Debt Outstanding | City's Share of Debt | |
|--|------------------|-------------------------|-----------------------|
| | | Percentage ¹ | Total |
| City of Sioux Falls | \$ 188,331,685 | 100.00% | \$ 188,331,685 |
| Total Direct Debt | | | 188,331,685 |
| Sioux Falls School District | 140,910,000 | 98.59% | 138,923,169 |
| Tri-Valley School District | 2,450,000 | 15.51% | 379,995 |
| Brandon Valley School District | 34,775,000 | 14.12% | 4,910,230 |
| Harrisburg School District | 124,775,000 | 68.66% | 85,670,515 |
| Tea Area School District | 34,300,000 | 12.78% | 4,383,540 |
| West Central | 13,925,000 | 1.03% | 143,428 |
| Lennox School District | 16,245,000 | 0.24% | 38,988 |
| Minnehaha County | 33,899,337 | 78.59% | 26,641,489 |
| Lincoln County | 7,107,314 | 53.73% | 3,818,760 |
| Total Overlapping Debt | | | 264,910,113 |
| Total Direct and Overlapping Debt | | | \$ 453,241,798 |

Source: The individual entity specified.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Sioux Falls. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the entity's taxable assessed value that is within the city's boundaries and dividing it by the entity's total taxable assessed value.

**Table XV
Revenue Bond/Note Coverage-Sales and Use Tax
Last Ten Fiscal Years**

| Fiscal Year | Total Sales Tax Revenues ¹ | Pledged ² | | | | Repayment ³ | | | |
|-------------|---------------------------------------|----------------------|--------------|--------------------|---|------------------------|--------------|--------------------|---|
| | | Principal | Interest | Total Debt Service | Ratio of Sales Tax Revenues to Debt Service | Principal | Interest | Total Debt Service | Ratio of Sales Tax Revenues to Debt Service |
| 2006 | \$ 38,066,640 | \$ 12,591,154 | \$ 2,254,174 | \$ 14,845,328 | 2.56 | \$ 12,152,166 | \$ 1,189,679 | \$13,341,845 | 2.85 |
| 2007 | 40,896,501 | 3,471,933 | 3,047,919 | 6,519,852 | 6.27 | 1,917,275 | 922,328 | 2,839,603 | 14.40 |
| 2008 | 41,568,499 | 6,007,542 | 5,838,100 | 11,845,642 | 3.51 | 5,207,497 | 1,908,461 | 7,115,958 | 5.84 |
| 2009 | 42,166,089 | 7,888,990 | 6,265,125 | 14,154,115 | 2.98 | 6,608,068 | 2,312,372 | 8,920,440 | 4.73 |
| 2010 | 44,117,913 | 5,154,684 | 6,905,644 | 12,060,328 | 3.66 | 6,544,796 | 3,808,843 | 10,353,639 | 4.26 |
| 2011 | 45,590,313 | 9,463,226 | 6,771,026 | 16,234,252 | 2.81 | 6,582,700 | 3,552,244 | 10,134,944 | 4.50 |
| 2012 | 48,424,657 | 9,439,270 | 8,424,753 | 17,864,023 | 2.71 | 8,681,807 | 5,248,487 | 13,930,294 | 3.48 |
| 2013 | 52,167,149 | 10,240,497 | 10,289,485 | 20,529,982 | 2.54 | 7,902,141 | 7,188,313 | 15,090,454 | 3.46 |
| 2014 | 54,860,726 | 8,372,385 | 6,926,197 | 15,298,582 | 3.59 | 9,043,727 | 6,994,127 | 16,037,854 | 3.42 |
| 2015 | 58,087,425 | 9,434,952 | 6,683,080 | 16,118,032 | 3.60 | 10,261,589 | 6,770,714 | 17,032,303 | 3.41 |

¹ The sales and use tax revenues are the revenues of the City's second penny sales and use tax only (prior to 2009 the rate of the second penny was .92)

² The pledge of the second penny includes all issues that are secured on a parity basis by the City's second penny sales and use tax.

³ The repayment of the second penny shows actual debt service paid by the City's second penny sales and use tax (Sales and Use Tax Fund). This differs from the pledged as the second penny is pledged as security on issues that are being repaid by other sources.

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**Table XVI
Revenue Note Coverage-Storm Drainage
Last Ten Fiscal Years**

| Fiscal Year | Operating Revenue | Other Qualifying Revenue | Total Qualifying Revenue | Direct Operating Expenditures | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|--------------------------|--------------------------|-------------------------------|--|---------------------------|-----------|------------|----------|
| | | | | | | Principal | Interest | Total | |
| 2006 | \$ 4,561,891 | \$ 134,886 | \$ 4,696,777 | \$ 872,451 | \$ 3,824,326 | \$ 119,188 | \$ 18,919 | \$ 138,107 | 27.69 |
| 2007 | 5,220,037 | 166,852 | 5,386,889 | 969,740 | 4,417,149 | 88,299 | 25,080 | 113,379 | 38.96 |
| 2008 | 7,403,220 | 190,083 | 7,593,303 | 1,381,954 | 6,211,349 | 91,055 | 25,116 | 116,171 | 53.47 |
| 2009 | 6,548,800 | 79,151 | 6,627,951 | 2,144,513 | 4,483,438 | 93,899 | 57,033 | 150,932 | 29.71 |
| 2010 | 6,967,165 | 87,259 | 7,054,424 | 1,777,327 | 5,277,097 | 191,914 | 65,519 | 257,433 | 20.50 |
| 2011 | 7,049,031 | 34,434 | 7,083,465 | 2,238,183 | 4,845,282 | 321,278 | 78,951 | 400,229 | 12.11 |
| 2012 | 6,649,791 | 25,528 | 6,675,319 | 2,364,440 | 4,310,879 | 349,462 | 52,139 | 401,601 | 10.73 |
| 2013 | 6,845,852 | 22,577 | 6,868,429 | 1,893,678 | 4,974,751 | 358,909 | 56,565 | 415,474 | 11.97 |
| 2014 | 6,731,634 | 34,731 | 6,766,365 | 2,275,140 | 4,491,225 | 368,616 | 46,858 | 415,474 | 10.81 |
| 2015 | 7,400,595 | 35,325 | 7,435,920 | 2,118,527 | 5,317,393 | 316,636 | 37,702 | 354,338 | 15.01 |

Note: Pursuant to statutory changes, qualifying revenues were changed in 2005 to include investment revenue and cost recoveries.

**Table XVII
Revenue Note Coverage-Water
Last Ten Fiscal Years**

| Fiscal Year | Operating Revenue | Other Qualifying Revenue | Total Qualifying Revenue | Direct Operating Expenses | Net Revenue Available for Debt Service | Debt Service Requirements | | | | Coverage |
|-------------|-------------------|--------------------------|--------------------------|---------------------------|--|---|----------------------|------------|-------------|----------|
| | | | | | | Principal | | Interest | Total | |
| | | | | | | Certificates of Participation/ Revenue Bonds ¹ | State Revolving Fund | | | |
| 2006 | \$ 15,910,153 | \$ 435,825 | \$ 16,345,978 | \$ 9,358,592 | \$ 6,987,386 | \$ 1,695,000 | \$ 1,769,474 | \$ 702,419 | \$4,166,893 | 1.68 |
| 2007 | 18,044,570 | 2,290,664 | 20,335,234 | 10,262,761 | 10,072,473 | - | 2,368,558 | 2,803,686 | 5,172,244 | 1.95 |
| 2008 | 19,814,189 | 2,663,172 | 22,477,361 | 10,905,003 | 11,572,358 | - | 2,689,044 | 3,639,576 | 6,328,620 | 1.83 |
| 2009 | 20,980,694 | 147,323 | 21,128,017 | 11,406,759 | 9,721,258 | - | 2,931,120 | 3,496,683 | 6,427,803 | 1.51 |
| 2010 | 22,064,401 | 1,093,659 | 23,158,060 | 10,595,293 | 12,562,767 | - | 3,384,219 | 3,391,042 | 6,775,261 | 1.85 |
| 2011 | 26,836,570 | 505,371 | 27,341,941 | 11,397,904 | 15,944,037 | - | 4,690,565 | 3,891,325 | 8,581,890 | 1.86 |
| 2012 | 34,515,284 | 362,912 | 34,878,196 | 13,440,730 | 21,437,466 | - | 4,425,515 | 3,984,899 | 8,410,414 | 2.55 |
| 2013 | 33,204,763 | 765,829 | 33,970,592 | 14,482,224 | 19,488,368 | 1,755,000 | 4,616,176 | 3,783,801 | 10,154,977 | 1.92 |
| 2014 | 31,959,833 | 475,930 | 32,435,763 | 14,644,709 | 17,791,054 | 1,815,000 | 4,285,188 | 3,517,751 | 9,617,939 | 1.85 |
| 2015 | 32,745,819 | 1,104,389 | 33,850,208 | 15,827,688 | 18,022,520 | 1,885,000 | 3,890,932 | 3,356,111 | 9,132,043 | 1.97 |

Note: Pursuant to statutory changes, qualifying revenues were changed in 2005 to include investment revenue and cost recoveries.

¹ Prior to 2007 Certificates of Participation, 2007 forward Revenue Bonds.

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**Table XVIII
Revenue Note Coverage-Water Reclamation
Last Ten Fiscal Years**

| Fiscal Year | Operating Revenue | Other Qualifying Revenue | Total Qualifying Revenue | Direct Operating Expenses | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|--------------------------|--------------------------|---------------------------|--|---------------------------|------------|--------------|----------|
| | | | | | | Principal | Interest | Total | |
| 2006 | \$ 8,837,777 | \$ 1,416,969 | \$ 10,254,746 | \$ 5,998,521 | \$ 4,256,225 | \$ 1,705,350 | \$ 630,950 | \$ 2,336,300 | 1.82 |
| 2007 | 10,612,568 | 1,529,864 | 12,142,432 | 6,262,300 | 5,880,132 | 2,130,698 | 1,063,139 | 3,193,837 | 1.84 |
| 2008 | 12,453,800 | 964,804 | 13,418,604 | 6,345,245 | 7,073,359 | 2,983,361 | 128,534 | 3,111,895 | 2.27 |
| 2009 | 14,371,411 | 1,747,637 | 16,119,048 | 6,845,487 | 9,273,561 | 3,636,666 | 1,165,858 | 4,802,524 | 1.93 |
| 2010 | 16,581,957 | 1,801,997 | 18,383,954 | 8,594,706 | 9,789,248 | 4,087,257 | 1,279,032 | 5,366,289 | 1.82 |
| 2011 | 18,173,936 | 538,548 | 18,712,484 | 8,872,715 | 9,839,769 | 5,535,952 | 1,338,211 | 6,874,163 | 1.43 |
| 2012 | 20,082,561 | 621,430 | 20,703,991 | 7,827,937 | 12,876,054 | 5,072,878 | 1,538,493 | 6,611,371 | 1.95 |
| 2013 | 21,845,217 | 1,036,183 | 22,881,400 | 8,061,001 | 14,820,399 | 6,640,379 | 1,767,973 | 8,408,352 | 1.76 |
| 2014 | 23,654,728 | 1,455,887 | 25,110,615 | 8,699,908 | 16,410,707 | 8,235,758 | 1,563,189 | 9,798,947 | 1.67 |
| 2015 | 25,474,334 | 1,892,830 | 27,367,164 | 9,320,423 | 18,046,741 | 9,202,746 | 1,458,251 | 10,660,997 | 1.69 |

Note: Pursuant to statutory changes, qualifying revenues were changed in 2005 to include investment revenue and cost recoveries.

**Table XIX
Revenue Note Coverage-Landfill
Last Ten Fiscal Years**

| Fiscal Year | Operating Revenue | Other Qualifying Revenue | Total Qualifying Revenue | Direct Operating Expenses | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|--------------------------|--------------------------|---------------------------|--|---------------------------|----------|-----------|----------|
| | | | | | | Principal | Interest | Total | |
| 2006 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| 2007 | 6,499,815 | 550,858 | 7,063,478 | 3,549,780 | 3,513,698 | - | 24,186 | 24,186 | 145.28 |
| 2008 | 7,840,266 | 651,903 | 8,523,411 | 4,521,690 | 4,001,721 | 128,378 | 59,180 | 187,558 | 21.34 |
| 2009 | 9,098,664 | 129,232 | 9,392,229 | 2,844,018 | 6,548,211 | 327,790 | 57,009 | 384,799 | 17.02 |
| 2010 | 10,210,427 | 164,574 | 10,396,557 | 5,228,318 | 5,168,239 | 519,194 | 82,920 | 602,114 | 8.58 |
| 2011 | 10,130,194 | 94,283 | 10,309,363 | 8,158,147 | 2,151,216 | 493,198 | 70,495 | 563,693 | 3.82 |
| 2012 | 9,968,190 | 91,836 | 10,060,026 | 6,206,242 | 3,853,784 | 505,244 | 57,274 | 562,518 | 6.85 |
| 2013 | 10,653,070 | 85,314 | 10,738,384 | 5,652,914 | 5,085,470 | 517,585 | 46,791 | 564,376 | 9.01 |
| 2014 | 11,048,396 | 112,053 | 11,160,449 | 7,983,658 | 3,176,791 | 530,228 | 32,395 | 562,623 | 5.65 |
| 2015 | 10,707,724 | 93,588 | 10,801,312 | 6,628,613 | 4,172,699 | 1,109,906 | 17,642 | 1,127,548 | 3.70 |

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**Table XX
Demographic and Economic Statistics
Last Ten Fiscal Years**

| Fiscal Year | City Population ¹ | MSA Population ² | Personal Income ³ | Per Capita Personal Income ³ | Annual Pay for Workers Covered by Unemployment ⁵ | Annual Average Labor Force ⁵ | Annual Average Employment ⁵ | Annual Average Unemployment Rate ⁵ | School Enrollment ⁶ |
|-------------|------------------------------|-----------------------------|------------------------------|---|---|---|--|---|--------------------------------|
| 2005 | 141,000 | 215,259 | \$ 7,830,761 | \$ 37,902 | \$ 33,257 | 120,564 | 116,483 | 3.4% | 19,630 |
| 2006 | 149,600 | 222,072 | 8,309,140 | 39,273 | 34,531 | 123,080 | 119,723 | 2.7% | 19,821 |
| 2007 | 148,200 | 227,961 | 8,952,614 | 41,267 | 36,055 | 127,714 | 124,543 | 2.5% | 20,006 |
| 2008 | 151,300 | 233,503 | 9,644,388 | 43,465 | 36,981 | 130,079 | 126,428 | 2.8% | 20,756 |
| 2009 | 154,100 | 238,122 | 9,544,238 | 42,247 | 37,548 | 129,544 | 123,156 | 4.9% | 20,870 |
| 2010 | 156,400 | 239,000 | 10,127,285 | 44,205 | 38,447 | 133,560 | 127,212 | 4.8% | 21,390 |
| 2011 | 158,200 | 228,261 | 10,845,087 | 46,615 | 39,518 | 134,181 | 128,417 | 4.3% | 21,999 |
| 2012 | 159,800 | 230,847 | 11,626,017 | 48,901 | 41,010 | 136,520 | 131,344 | 3.8% | 22,342 |
| 2013 | 162,300 | 235,878 | 11,643,004 | 47,791 | 41,627 | 139,231 | 134,817 | 3.2% | 22,602 |
| 2014 | 165,800 | 240,202 | 12,067,800 | 48,592 | 43,139 | 141,677 | 137,641 | 2.8% | 23,954 |
| 2015 | 169,800 | 247,800 | n/a | n/a | n/a | 144,746 | 140,630 | 2.9% | 23,281 |

¹ Source: City Planning Department end of year estimates. April 2010 U.S. Census figure was 153,888 and April 2000 U.S. Census figure was 124,158.

² Source: South Dakota Department of Labor and U.S. Census Bureau mid-year population estimates (as of July 1st each year). 2011 MSA population estimate shows a decrease, this is due to realigning estimates with the 2010 census population.

³ Source: South Dakota Department of Labor and U.S. Bureau of Economic Analysis (for the Sioux Falls Metropolitan Statistical Area)

⁵ Source: South Dakota Department of Labor (for the Sioux Falls Metropolitan Statistical Area)

⁶ Source: South Dakota Department of Education fall enrollment (for Sioux Falls Public Schools)

Note: n/a denotes that more recent data is not available as of the publication date of this report.

**Table XXI
Major Employers
Current Year and Ten Years Ago**

| Employer | Type of Business | 2015 | | | 2006 | | |
|---|------------------|---------------|------|--------------------------------|---------------|------|--------------------------------|
| | | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Sanford Health (Sioux Valley Hospital) | Health Care | 8,617 | 1 | 6.0% | 5,729 | 1 | 4.8% |
| Avera Health | Health Care | 6,734 | 2 | 4.7% | 3,969 | 2 | 3.3% |
| John Morrell & Company | Meat Processing | 3,350 | 3 | 2.3% | 3,200 | 3 | 2.7% |
| Sioux Falls School District | Education | 3,200 | 4 | 2.2% | 3,000 | 5 | 2.5% |
| Hy-Vee Food Stores | Retail Grocery | 2,964 | 5 | 2.0% | 1,699 | 7 | 1.4% |
| Wells Fargo | Financial | 2,786 | 6 | 1.9% | 2,722 | 6 | 2.3% |
| Citigroup | Financial | 2,200 | 7 | 1.5% | 3,200 | 4 | 2.7% |
| Evangelical Lutheran Good Samaritan Society | Health Care | 1,440 | 8 | 1.0% | - | - | - |
| WalMart/Sam's Club | Retail | 1,215 | 9 | 0.8% | 1,195 | 8 | 1.0% |
| City of Sioux Falls | Government | 1,193 | 10 | 0.8% | 1,082 | 10 | 0.9% |
| Midwest Coast Transport | Transportation | - | - | - | 1,180 | 9 | 1.0% |
| Totals | | 33,699 | | 23.3% | 26,976 | | 22.5% |

Source: Sioux Falls Development Foundation

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Comprehensive Annual Financial Report
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Statistics (Unaudited)

**Table XXII
Nonfarm Wage and Salaried Workers
Sioux Falls MSA Annual Averages
Last Ten Fiscal Years**

| Industry | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Natural Resources, Mining & Construction | 7,700 | 7,700 | 7,800 | 7,100 | 6,600 | 6,500 | 6,700 | 7,200 | 7,500 | 8,000 |
| Manufacturing | 13,000 | 13,100 | 13,500 | 12,300 | 11,900 | 12,500 | 13,000 | 13,300 | 13,600 | 13,600 |
| Wholesale Trade | 6,600 | 6,700 | 6,800 | 6,700 | 6,700 | 7,100 | 7,300 | 7,600 | 8,000 | 8,100 |
| Retail Trade | 16,200 | 16,600 | 16,700 | 16,400 | 16,500 | 17,000 | 17,400 | 17,500 | 18,100 | 18,400 |
| Transportation, Warehousing & Utilities | 5,000 | 5,100 | 5,200 | 5,000 | 4,900 | 4,900 | 4,900 | 5,100 | 5,400 | 5,600 |
| Information | 3,000 | 3,100 | 3,100 | 3,000 | 2,900 | 2,900 | 2,800 | 2,700 | 2,700 | 2,700 |
| Financial Activities | 15,800 | 16,700 | 16,700 | 16,300 | 15,500 | 15,200 | 15,800 | 16,300 | 16,100 | 16,100 |
| Professional & Business Services | 10,100 | 10,900 | 11,300 | 10,900 | 11,300 | 12,200 | 12,800 | 13,400 | 14,000 | 14,400 |
| Educational & Health Services | 23,000 | 23,700 | 24,800 | 25,500 | 26,500 | 27,300 | 28,600 | 29,100 | 29,600 | 30,400 |
| Leisure & Hospitality | 12,700 | 13,000 | 13,100 | 12,900 | 12,700 | 13,000 | 13,200 | 13,500 | 14,200 | 14,600 |
| Other Services | 4,600 | 4,600 | 4,700 | 4,700 | 4,800 | 4,700 | 4,700 | 4,800 | 4,800 | 4,900 |
| Total Government | 11,900 | 12,100 | 12,400 | 12,800 | 13,000 | 12,800 | 12,900 | 13,000 | 13,300 | 13,500 |
| Total | 129,500 | 133,300 | 136,200 | 133,600 | 133,400 | 136,100 | 140,200 | 143,500 | 147,200 | 150,300 |

Source: South Dakota Department of Labor, Labor Market Information Center, produced in cooperation with the U.S. Bureau of Labor Statistics
Note: Totals may not sum due to rounding

**Table XXIII
Building Permit and Construction Values
Last Ten Fiscal Years**

| Fiscal Year | New Non-Residential | | New Residential | | Existing | | Total | | | City Square Miles |
|-------------|---------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|-----------------------|---------------|-------------------|
| | Number of Permits | Value | Number of Permits | Value | Number of Permits | Value | Number of Permits | New Residential Units | Value | |
| 2006 | 86 | \$116,679,623 | 1,117 | \$182,104,021 | 5,216 | \$143,028,339 | 6,419 | 1,568 | \$441,811,983 | 67.10 |
| 2007 | 69 | 119,729,694 | 1,021 | 188,501,962 | 5,338 | \$198,094,119 | 6,428 | 1,747 | \$506,325,775 | 70.10 |
| 2008 | 55 | 88,990,770 | 639 | 161,729,744 | 5,325 | \$203,416,833 | 6,019 | 1,494 | \$454,137,347 | 73.24 |
| 2009 | 35 | 62,796,269 | 653 | 120,987,734 | 5,646 | \$114,124,166 | 6,334 | 1,149 | \$297,908,169 | 73.57 |
| 2010 | 27 | 22,813,946 | 557 | 102,623,633 | 7,090 | \$148,736,101 | 7,674 | 722 | \$282,923,680 | 73.65 |
| 2011 | 32 | 41,628,412 | 532 | 144,590,392 | 7,259 | \$100,656,588 | 7,823 | 827 | \$286,875,392 | 73.89 |
| 2012 | 47 | 165,451,094 | 916 | 173,935,775 | 6,670 | \$151,128,374 | 7,633 | 1,399 | \$490,515,243 | 73.96 |
| 2013 | 53 | 157,682,198 | 1,069 | 245,696,454 | 6,831 | \$184,879,209 | 7,953 | 2,039 | \$588,248,861 | 74.80 |
| 2014 | 53 | 81,452,946 | 897 | 254,463,649 | 13,995 | 283,585,645 | 14,945 | 2,056 | 619,502,240 | 75.58 |
| 2015 | 156 | 250,760,624 | 933 | 171,611,176 | 11,002 | 253,920,491 | 12,091 | 1,738 | 676,292,291 | 76.04 |

Source: Sioux Falls Planning and Building Services Department as measured by issued permits excluding state/federal projects

**City of Sioux Falls
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Statistics (Unaudited)

**Table XXIV
City Government Employees by Function/Program
Last Ten Fiscal Years**

| | Year-end Authorized Positions | | | | | | | | | |
|---------------------------------------|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Government | | | | | | | | | | |
| Mayor | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 7 |
| Finance | 23 | 23 | 22 | 21 | 21 | 21 | 21 | 22 | 24 | 25 |
| Attorney | 8 | 8 | 8 | 11 | 11 | 11 | 11 | 11 | 13 | 14 |
| Human Resources | 11 | 12 | 12 | 11 | 11 | 11 | 11 | 12 | 13 | 13 |
| City Council | 11 | 14 | 15 | 15 | 15 | 16 | 16 | 16 | 16 | 16 |
| Facilities Management | 12 | 12 | 12 | 11 | 11 | 11 | 15 | 17 | 18 | 19 |
| Central Services | 23 | 23 | 23 | 25 | 25 | 26 | 26 | 28 | 26 | 26 |
| Media Services | 15 | 15 | 15 | 15 | 14 | 14 | 14 | 14 | 14 | 14 |
| Total General Government | <u>107</u> | <u>111</u> | <u>111</u> | <u>113</u> | <u>112</u> | <u>114</u> | <u>118</u> | <u>124</u> | <u>128</u> | <u>134</u> |
| Public Safety | | | | | | | | | | |
| Fire | 193 | 193 | 194 | 194 | 194 | 194 | 194 | 194 | 195 | 210 |
| Police | 253 | 253 | 254 | 259 | 267 | 267 | 264 | 266 | 269 | 282 |
| Total Public Safety | <u>446</u> | <u>446</u> | <u>448</u> | <u>453</u> | <u>461</u> | <u>461</u> | <u>458</u> | <u>460</u> | <u>464</u> | <u>492</u> |
| Highways and Streets | | | | | | | | | | |
| Public Works | | | | | | | | | | |
| Administration | 10 | 10 | 10 | 11 | 10 | 5 | 5 | 6 | 6 | 4 |
| Engineering | 57 | 49 | 49 | 51 | 51 | 65 | 66 | 66 | 67 | 70 |
| Street | 66 | 74 | 75 | 78 | 78 | 50 | 50 | 50 | 50 | 50 |
| Total Highways and Streets | <u>133</u> | <u>133</u> | <u>134</u> | <u>140</u> | <u>139</u> | <u>120</u> | <u>121</u> | <u>122</u> | <u>123</u> | <u>124</u> |
| Public Health | 50 | 54 | 56 | 59 | 64 | 64 | 64 | 64 | 71 | 73 |
| Culture and Recreation | | | | | | | | | | |
| Libraries | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 64 | 63 | 63 |
| Parks and Recreation | 70 | 70 | 70 | 71 | 71 | 69 | 69 | 71 | 70 | 72 |
| Total Culture and Recreation | <u>132</u> | <u>132</u> | <u>132</u> | <u>133</u> | <u>133</u> | <u>131</u> | <u>131</u> | <u>135</u> | <u>133</u> | <u>135</u> |
| Urban and Economic Development | | | | | | | | | | |
| Planning and Building Services | 41 | 42 | 43 | 43 | 43 | 42 | 42 | 42 | 42 | 43 |
| Community Development | 8 | 8 | 8 | 9 | 9 | 11 | 11 | 11 | 11 | 13 |
| Total Urban and Economic Development | <u>49</u> | <u>50</u> | <u>51</u> | <u>52</u> | <u>52</u> | <u>53</u> | <u>53</u> | <u>53</u> | <u>53</u> | <u>56</u> |
| Enterprise | | | | | | | | | | |
| Fleet | 19 | 19 | 19 | 19 | 19 | 18 | 18 | 18 | 20 | 22 |
| Light | 11 | 11 | 11 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Public Parking Facilities | 15 | 15 | 15 | 15 | 15 | 13 | 13 | 12 | 12 | 11 |
| Sanitary Landfill | 22 | 22 | 25 | 25 | 27 | 28 | 27 | 28 | 28 | 28 |
| Water | 50 | 50 | 49 | 48 | 48 | 65 | 65 | 62 | 63 | 63 |
| Water Reclamation | 50 | 50 | 50 | 52 | 53 | 54 | 53 | 51 | 52 | 51 |
| Total Enterprise | <u>167</u> | <u>167</u> | <u>169</u> | <u>171</u> | <u>174</u> | <u>190</u> | <u>188</u> | <u>183</u> | <u>187</u> | <u>187</u> |
| Total | <u>1084</u> | <u>1093</u> | <u>1101</u> | <u>1121</u> | <u>1135</u> | <u>1133</u> | <u>1133</u> | <u>1141</u> | <u>1159</u> | <u>1201</u> |

2006 - City Clerks were transferred from Attorney to City Council; Auditors were transferred from Attorney to Finance.
Animal Control positions were moved from Health to Police

2007 - Traffic transferred from Engineering to Street.

2008 - Moved one position from Finance to City Council for internal auditor.

2009 - Transferred Human Relations from Human Resources to Attorneys; moved Licensing Specialist from Finance to Attorneys.

2010 - Added new grant funded positions to Health's dental program, Added new grant funded Police Officers, Transferred Env. Analyst from PWA to Landfill Sustainability Tech, Transferred Application Support Analyst from Central Services to Police, Transferred Webmaster position from Media Services to Central Services IT Program Analyst

2011 - Transfer GIS from Public Works Administration to Engineering, transferred Traffic from Street to Engineering, transfer Street Utilities to Water, transfer utilities workers from Water to Water Rec, transfer engineering tech from Landfill to Water Rec, Delete Parking attendents added Central Servies Analyst and Council Budget Analyst

2012- Transferred custodial workers from Police and Water Reclamation to Facilities Management, transfer engineering tech from Water Reclamation to Engineering

Source: City Human Resources Department

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Statistics (Unaudited)

**Table XXV
Operating Indicators by Function/Program
Last Ten Fiscal Years**

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fire | | | | | | | | | | |
| Number of Employees (Uniformed) | 185 | 185 | 186 | 186 | 186 | 186 | 186 | 186 | 184 | 195 |
| Number of Employees (Non-Uniform) | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 8 | 15 | 15 |
| Total Responses | 8,612 | 8,939 | 9,547 | 9,206 | 9,917 | 9,809 | 10,342 | 11,049 | 11,635 | 12,608 |
| Structure Fires | 160 | 169 | 182 | 170 | 161 | 188 | 198 | 133 | 136 | 134 |
| Vehicle Fires | 98 | 86 | 75 | 73 | 66 | 93 | 77 | 79 | 82 | 16 |
| EMS Calls | 4,834 | 4,900 | 5,321 | 5,234 | 5,651 | 5,312 | 5,699 | 5,814 | 6,227 | 6,793 |
| Water Hydrants | 6,756 | 7,023 | 7,423 | 7,640 | 7,818 | 8,538 | 7,597 | 7,772 | 7,986 | 8,209 |
| Fire Insurance Rating | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 1 |
| Police | | | | | | | | | | |
| Number of Sworn Officers | 216 | 216 | 217 | 221 | 230 | 230 | 232 | 232 | 244 | 247 |
| Number of Civilian Employees | 37 | 37 | 37 | 38 | 38 | 38 | 38 | 38 | 33 | 35 |
| Aggravated Assaults | 282 | 235 | 321 | 178 | 294 | 253 | 392 | 461 | 507 | 584 |
| Arsons | 31 | 44 | 43 | 28 | 29 | 63 | 56 | 28 | 27 | 28 |
| Auto Thefts | 241 | 296 | 270 | 282 | 237 | 292 | 316 | 322 | 346 | 472 |
| Burglaries | 841 | 695 | 752 | 786 | 1,065 | 889 | 870 | 881 | 846 | 973 |
| Drunk Driving Arrests | 1,850 | 1,765 | 1,556 | 1,473 | 1,288 | 1,486 | 1,387 | 1,072 | 1,106 | 1,128 |
| Homicides | 7 | 2 | 6 | 1 | 5 | 6 | 3 | 3 | 6 | 3 |
| Larcenies | 2,932 | 3,100 | 3,309 | 3,837 | 3,885 | 3,959 | 4,269 | 4,438 | 4,242 | 4,885 |
| Rapes | 136 | 121 | 149 | 146 | 113 | 116 | 153 | 142 | 148 | 138 |
| Robberies | 55 | 76 | 62 | 73 | 60 | 101 | 83 | 80 | 98 | 110 |
| Traffic Citations Issued | 38,611 | 41,080 | 37,062 | 38,637 | 39,977 | 33,686 | 36,020 | 26,718 | 28,613 | 27,386 |
| Highways and Streets | | | | | | | | | | |
| Snow Events | 1 | 7 | 5 | 3 | 7 | 3 | 3 | 3 | 5 | 6 |
| Pothole Patching (Tons) | 2,197 | 891 | 878 | 1,169 | 1,319 | 1,104 | 476 | 619 | 479 | 645 |
| Street Sweeping (Curb Miles) | 13,320 | 10,552 | 10,983 | 12,969 | 8,284 | 5,574 | 9,106 | 5,227 | 9,922 | 5,572 |
| Library | | | | | | | | | | |
| Number of Items Borrowed | 1,566,996 | 1,613,619 | 1,711,237 | 1,835,501 | 1,906,372 | 1,963,918 | 2,024,141 | 2,209,687 | 2,150,983 | 2,140,127 |
| Number of Active Library Cardholders | 92,409 | 93,920 | 96,525 | 103,075 | 92,112 | 97,487 | 98,493 | 100,392 | 101,452 | 94,997 |
| Lights | | | | | | | | | | |
| Private Accounts | 2,059 | 2,066 | 2,102 | 2,105 | 2,113 | 2,113 | 2,159 | 2,161 | 2,308 | 2,242 |
| Governmental Accounts | 423 | 425 | 486 | 415 | 422 | 421 | 423 | 428 | 332 | 429 |
| Kilowatt Hours Sold | 88,291,049 | 94,344,587 | 86,200,052 | 83,904,966 | 84,563,342 | 84,490,689 | 84,207,376 | 79,030,369 | 84,929,000 | 85,075,089 |
| Capacity (KVA) | 25,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |

**City of Sioux Falls
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**Table XXV (cont)
Operating Indicators by Function/Program
Last Ten Fiscal Years**

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Parks and Recreation | | | | | | | | | | |
| Rounds of Golf Played (all courses) | 127,966 | 129,691 | 125,819 | 129,449 | 124,655 | 116,895 | 130,123 | 105,016 | 93,252 | 91,412 |
| Park Events and Picnics | 315,400 | 363,290 | 416,920 | 438,805 | 321,471 | 351,075 | 300,733 | 429,540 | 379,110 | 450,074 |
| Pool Attendance | 326,538 | 325,052 | 325,682 | 332,377 | 319,769 | 314,823 | 338,453 | 258,650 | 228,792 | 266,825 |
| Public Parking | | | | | | | | | | |
| Parking Ramps-Parking Spaces | 2,069 | 2,069 | 2,069 | 2,071 | 2,071 | 2,071 | 1,633 | 1,633 | 1,621 | 1,621 |
| Surface Parking Lots-Parking Spaces | 859 | 871 | 869 | 992 | 1,012 | 1,012 | 923 | 893 | 900 | 900 |
| Total Spaces Available for Lease | 2,772 | 2,782 | 2,798 | 2,917 | 2,911 | 2,911 | 2,371 | 2,362 | 2,381 | 2,381 |
| On Street Parking Meters | 968 | 964 | 954 | 948 | 915 | 915 | 949 | 920 | 899 | 899 |
| On Street Handicapped Spaces | 26 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 | 37 |
| Total Number of Parking Spaces | 3,922 | 3,941 | 3,929 | 4,048 | 4,028 | 4,028 | 3,542 | 3,497 | 3,487 | 3,487 |
| Lease Rate | 99% | 96% | 95% | 77% | 73% | 76% | 73% | 79% | 83% | 90% |
| Transit | | | | | | | | | | |
| Ridership-Transit | 803,450 | 835,621 | 905,780 | 927,282 | 937,258 | 996,316 | 1,026,715 | 1,023,089 | 955,357 | 885,143 |
| Ridership-Paratransit | 127,118 | 117,694 | 120,434 | 127,075 | 133,736 | 141,323 | 146,290 | 142,672 | 132,387 | 121,398 |
| Regular Routes | 12 | 12 | 12 | 13 | 13 | 12 | 12 | 12 | 12 | 12 |
| Seasonal Routes | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 4 | 4 |
| Miles Driven-Transit | 703,298 | 700,446 | 719,079 | 718,673 | 732,438 | 726,152 | 741,534 | 732,524 | 758,385 | 776,323 |
| Miles Driven-Paratransit | 580,425 | 563,894 | 575,705 | 604,836 | 646,820 | 651,007 | 653,723 | 652,089 | 634,745 | 603,599 |
| Sanitary Landfill | | | | | | | | | | |
| MSW Landfill Closure Year | n/a | n/a | 2060 | 2063 | 2071 | 2077 | 2078 | 2,081 | 2,076 | 2,082 |
| MSW Tons Received | 176,179 | 176,410 | 176,985 | 169,932 | 169,327 | 172,507 | 167,141 | 166,330 | 172,388 | 161,116 |
| C&D Landfill Closure Year | n/a | n/a | 2039 | 2039 | 2039 | 2036 | 2048 | 2,044 | 2,044 | 2,058 |
| C&D Tons Received | 65,047 | 68,227 | 58,019 | 50,832 | 55,640 | 50,782 | 46,311 | 53,712 | 69,953 | 66,003 |
| Cubic Feed of Landfill Gas Sold | - | - | - | - | - | 955,748,919 | 979,249,548 | 969,764,156 | 978,306,173 | 919,412,596 |
| Water | | | | | | | | | | |
| Water Services | 45,250 | 45,870 | 46,439 | 47,047 | 47,873 | 48,509 | 50,676 | 50,456 | 51,066 | 52,606 |
| Daily Plant Capacity (thousands of gallons) | 53,500 | 53,500 | 53,500 | 53,500 | 53,500 | 53,500 | 75,000 | 75,000 | 75,000 | 75,000 |
| Average Daily Consumption (thousands of gallon) | 22,931 | 22,326 | 22,461 | 19,744 | 6,708 | 19,851 | 22,128 | 19,393 | 19,994 | 19,406 |
| Wastewater | | | | | | | | | | |
| Customers | 44,046 | 45,642 | 46,352 | 46,556 | 47,270 | 48,094 | 48,815 | 49,526 | 50,496 | 51,813 |
| Daily Plant Capacity (thousands of gallons) | 19,700 | 19,700 | 19,700 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 |
| Average Daily Flow-Domestic (thousands) | 11,378 | 11,348 | 11,558 | 11,107 | 10,844 | 12,092 | 11,030 | 10,906 | 11,235 | 11,137 |
| Average Daily Flow-Industrial (thousands) | 1,168 | 1,485 | 1,112 | 976 | 1,050 | 125 | 875 | 748 | 659 | 754 |
| Average Daily Flow-Extraneous (thousands) | 2,373 | 2,605 | 2,567 | 2,390 | 6,113 | 5,182 | 2,042 | 4,462 | 3,182 | 1,534 |

**City of Sioux Falls
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Statistics (Unaudited)

**Table XXVI
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years**

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fire | | | | | | | | | | |
| Fire Stations | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| Fire Training Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Fire Trucks | 18 | 18 | 18 | 17 | 17 | 17 | 20 | 19 | 19 | 20 |
| Emergency Management | | | | | | | | | | |
| Emergency Warning Sirens | 60 | 62 | 65 | 69 | 71 | 71 | 73 | 75 | 75 | 75 |
| Police | | | | | | | | | | |
| Patrol Units (marked) | 68 | 68 | 68 | 71 | 71 | 71 | 71 | 71 | 72 | 68 |
| Highways and Streets | | | | | | | | | | |
| Streets paved (centerline miles) | 815 | 850 | 873 | 881 | 884 | 888 | 897 | 907 | 921 | 928 |
| Street Lights | 15,316 | 15,825 | 16,155 | 16,689 | 16,998 | 17,125 | 17,519 | 17,836 | 18,450 | 19,006 |
| Traffic Signals | 224 | 227 | 236 | 238 | 241 | 241 | 248 | 256 | 258 | 266 |
| Library | | | | | | | | | | |
| Books | 376,789 | 348,081 | 290,932 | 276,640 | 277,985 | 272,013 | 271,215 | 272,785 | 250,879 | 245,372 |
| Ematerials | - | - | - | - | 2,612 | 6,192 | 10,946 | 15,548 | 23,646 | 23,406 |
| Audio/Visual Items | 53,586 | 52,924 | 63,707 | 52,819 | 51,664 | 51,941 | 53,656 | 50,865 | 50,426 | 52,337 |
| 2006, 2007, 2008, 2009, 2014 decrease due to removal of old, outdated, and unused books and audio/visual items. | | | | | | | | | | |
| Lights | | | | | | | | | | |
| Primary three-phase distribution lines (miles) | 93 | 93 | 93 | 93 | 93 | 93 | 89 | 92 | 92 | 92 |
| Underground distribution lines (miles) | 60 | 60 | 60 | 57 | 57 | 57 | 60 | 59 | 60 | 60 |
| Parks and Recreation | | | | | | | | | | |
| Acreage | 2,874 | 2,880 | 2,913 | 3,045 | 3,103 | 3,154 | 3,154 | 3,154 | 3,161 | 3,178 |
| Parks | 68 | 69 | 70 | 72 | 72 | 73 | 75 | 78 | 78 | 80 |
| Swimming Pools | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 |
| Wading Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Spray Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Soccer Fields | 54 | 54 | 56 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| Tennis Courts | 35 | 35 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Golf Courses | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Football Stadium (school owned) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Football Fields | 4 | 4 | 4 | 4 | 4 | 12 | 13 | 13 | 13 | 13 |

**City of Sioux Falls
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**Table XXVI (cont)
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years**

| Function/Program | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Parks and Recreation (cont) | | | | | | | | | | |
| Baseball Stadium | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Baseball Fields | 34 | 34 | 36 | 34 | 34 | 34 | 34 | 34 | 34 | 34 |
| Softball Fields | 68 | 68 | 74 | 74 | 74 | 74 | 73 | 74 | 74 | 74 |
| Zoo | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Park Bandshells | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Moveable Bandshell | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Greenway Recreation Trail (miles) | 19.12 | 19.12 | 24.79 | 24.79 | 24.79 | 26.54 | 27.95 | 27.95 | 27.95 | 27.95 |
| Winter Recreation/Ski Area | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Skate Park | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outdoor Ice Rinks (Seasonal) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Volleyball Courts (Sand) | 17 | 17 | 17 | 18 | 17 | 18 | 18 | 18 | 18 | 18 |
| Basketball Courts (Outdoor) | 22 | 22 | 22 | 23 | 23 | 23 | 24 | 23 | 23 | 23 |
| Community Centers (school owned) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Public Parking | | | | | | | | | | |
| Parking Ramps | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 |
| Surface Parking Lots | 15 | 14 | 15 | 15 | 15 | 15 | 14 | 14 | 14 | 14 |
| Sanitary Landfill | | | | | | | | | | |
| Landfill area (acres) | 697 | 706 | 706 | 706 | 706 | 706 | 706 | 706 | 706 | 706 |
| Transit | | | | | | | | | | |
| Fixed Route Buses | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 | 31 |
| Paratransit Buses | 22 | 22 | 22 | 22 | 22 | 22 | 23 | 23 | 23 | 23 |
| Water | | | | | | | | | | |
| Water Mains (miles) | 877 | 905 | 938 | 953 | 964 | 997 | 962 | 981 | 1,000 | 1,020 |
| Wellfield (miles) | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 |
| Wastewater | | | | | | | | | | |
| Storm Sewer (miles) | 352 | 386 | 400 | 408 | 409 | 412 | 400 | 410 | 419 | 428 |
| Sanitary Sewer (miles) | 735 | 772 | 798 | 806 | 813 | 817 | 824 | 844 | 860 | 870 |



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Honorable Mayor and
Members of the City Council
City of Sioux Falls, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sioux Falls, South Dakota as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated June 29, 2016. Our report includes a reference to other auditors who audited the financial statements of The Housing and Redevelopment Commission, a discretely presented component unit, as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2015-A, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. However, as required by South Dakota Codified Law 4-11-11 Uniform Guidance, §__.320, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota
June 29, 2016

**2015-A Preparation of the Schedule of Expenditures of Federal Awards
Significant Deficiency**

Criteria: As described in the Uniform Guidance, auditees must complete the Schedule of Expenditures of Federal Awards and include Catalog of Federal Domestic Assistance (CFDA) title and numbers provided in Federal awards/subawards and associated expenditures.

Condition: During the course of our engagement, we assisted with the preparation of the Schedule of Expenditures of Federal Awards as the City did not properly include all federal expenditures, CFDA numbers, and additional pass through agency federal expenditures.

Cause: The lack of proper communication between management and pass-through agencies regarding the federal funding identification.

Effect: There were additional federal expenditures that were not properly identified in the Schedule of Expenditures of Federal Awards. This control deficiency could result in a misstatement to the Schedule of Expenditures of Federal Awards that would not be prevented or detected.

Recommendation: Develop a system in identifying and tracking the following information for each control: pass-through agency, Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, and name of the federal agency.

View of Responsible Officials: Management of the City is in agreement with the finding.

**2014-A Preparation of the Schedule of Expenditures of Federal Awards
Significant Deficiency**

Initial Fiscal Year Finding Occurred: 2014

Finding Summary: There were additional federal expenditures that were not properly identified by the City's internal control system.

Status: Not corrected. See finding 2015-A.

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